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ABSTRACT

These proceedings contain summaries of papers presented at a 1988 conference held to explore the Local Economic Development Action (LEDA) Program of the European Community. Titles and authors are as follows: "Opening Address" (George Yennimatas); "Getting to the Heart of Local Development" (Haris Martinos); "Les Baronnies: Fighting Emigration and Agricultural Decline" (Jean-Baptiste Lanaspeze); "Hamburg: Urban Unemployment--A Financial as well as a Social Problem" (Jobst Fiedler); "Connemara: Problems of Fostering Endogenous Development" (Michael Keane); "Ravenna: Technical Support and Partnership to Overcome Inertia" (Paolo Garonna); "Genk: Official Levels Working Together" (Bert Verbrugghe); "Sitia: Infrastructure as a Building Block for Endogenous Development" (Nicos Petrakis); "Shannon Region: The Long-Term Approach" (Donal Dineen); "Denmark: The Benefits of a Local Approach" (Leif Christian Hansen); "Getting the Right Balance" (Chris Brooks); "Enhancing Chances of Success" (Antonio Vazquez-Barquero, Jean-Eric Aubert); "Barcelona: Conflicts and Partnership--Who Is Responsible?" (Jorge Aznar); "Changing Local Structures and Making the European Connection" (Kristian Primdal, Jan Hendeliowitz); "Mobilizing Energies and Managing Tensions--The Work of Local Development Agencies" (Catherine Leroy); "Local Actors--Public and Private" (Leo Verhoef); "Fostering the Developmental Approach" (Alberto Melo); "Evaluation: A Fundamental Concept" (Peter Aitken); "Central Government: The Policy Instigator" (Norman Perry); "Tailoring to Needs" (Gerhard Grobner); "Local Employment Committees: A French Approach" (Paulette Pommier); "Development Agency--A Greek Approach" (Christos Tassiopoulos); "The Central/Local Dialectic" (David Coombes); "Policies for the Future" (Jerome Vignon); "The European Community: Development Instigator or Finance Circulator?" (Paolo Garonna); "Making the Most of the Resources on Offer" (Derrick Johnstone); "The LEDA Programme--Developing the 'Software' of Local Development" (Haris Martinos); "Which Know-How for Local Development?" (Manfred Kaiser); "Development Centers on People" (William Schweke); and "Closing Remarks" (John Morley). Appendices summarize LEDA workshops and provide addresses of participants. A LEDA brochure is included. (KC)

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CONFERENCE ON

EMPLOYMENT CREATION THROUGH LOCAL DEVELOPMENT

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Conference on

EMPLOYMENT CREATION THROUGH LOCAL DEVELOPMENT

Brussels, 7-8 July 1988

This Conference was organised by European Service Network, Brussels, in conjunction with LRDP, London. It formed part of the LEDA Programme which is undertaken on behalf of the Commission of the European Communities by LRDP, in collaboration with the OECD's ILE Programme, and experts throughout the European Community.

LRDP (Local and Regional Development Planning) is a London based group with a Community-wide network of associates. It undertakes studies on local and regional development, and projects on enterprise and employment development for the European Community, national and local organisations.

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The European Community is very diverse - it contains very rich and very poor areas; peripheral, sparsely populated rural areas and industrial zones with heavy concentrations of population. Despite this diversity, there are important similarities - most areas face employment problems of some sort, and all are increasingly required to adapt structures and attitudes in the face of rapid economic change.

This opening session illustrates this theme by giving a brief overview of the 24 areas which have participated in the LEDA programme.

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The session deals with issues such as:
- should local areas concentrate on short term adjustments in the local labour market or can they aim to achieve long-term structural change e.g. shift the local economy to growth sectors?
- should the strategies focus on job creation or is it sufficient to promote employment indirectly through the development of economic activity?

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Introduction

THE LEDA PROGRAMME

The LEDA Programme aims to help local areas in the European Community to tackle unemployment and to develop new employment opportunities by exploiting the potential for local employment development.

Launched in 1986 by the Directorate General V of the Commission of the European Communities, the Programme has explored strategies in local employment and economic development, and has carried out pilot actions in 24 areas of high unemployment in the Member States. The Programme supports localities with expert advice and technical assistance. It complements other EC programmes with provide financial support.

The LEDA Programme seeks to identify good, successful practices and to make these ideas and experiences widely known throughout the Community.

THE CONFERENCE

The Conference formed part of the LEDA Programme. Participants were presented with a series of case studies from a number of the areas participating in the LEDA Programme, together with more general information on local development strategies and initiatives.

The Conferences addressed policy issues concerning the development of responses to employment problems, and the ways of achieving objectives. It considered the role of local actors and agencies, and the role of national and Community support for local employment development.

The Conference sought to draw preliminary conclusions regarding the benefits to be derived from local employment development, and to identify ways of strengthening links between Community, national and local level employment actions. The Conference also provided some opportunity for consultation between participants, as part of the development of the LEDA Programme.

Given the policy orientation of the Conference, the main groups of participants at the Conference were:

- Senior policy administrators or advisers from National Ministries responsible for employment and economic or industrial affairs
- Representatives of the various Community institutions, including the European Parliament and the Economic and Social Committee
- Representatives of Employers, Trade Unions, Co-operatives, Local Government organisations and experts.

Opening address

George Yennimatas Greek Minister of Employment (right) and Luis Fina Sanglas, Director, DGV, Commission of the EC

The opening address to the conference was made by George Yennimatas, Greek Minister of Employment.

Mr Yennimatas began by stating that the LEDA Programme reflected the Community's parallel commitment to economic and social cohesion. The current Greek Presidency of the EC's Council of Ministers is well aware that social cohesion represents a tool for economic prosperity, he declared. It is important that policy-makers do not lose sight of their political and cultural objectives in the struggle for economic development.

Economic difficulties will persist in the coming years, Mr Yennimatas warned. Some sectors of the population, such as migrant workers, women and young people, will bear the brunt of the problems. It is vital that Europe secures a competitive position for the forthcoming century in the face of pressure from Japan and the United States. Somewhat nearer home, the Soviet Union may henceforth also represent a competitive threat as "perestroika" prompts its economic operators to broaden their horizons into Western Europe.

European strategy must consequently keep abreast and must cater for underprivileged population groups and areas. Macro-economic or centralised policy can no longer operate in isolation. Micro-economic initiatives must also be used to boost performance.

More critically, regional development potential is not yet being exploited to the full, according to the Minister. Large cities eat up resources, whereas smaller localities and rural areas are often overlooked. Measures to improve the mobility of workers are often neglected. Development policy must be overhauled to bring it into line with the new situation. In the future, greater attention should be paid to the acquisition of "know-how", which should be considered an indispensable component of development and which should be properly funded in development programmes. European states are at a watershed and need to define social, economic and cultural aims more clearly. In Mr Yennimatas' view, decentralisation of means and policy should be a prime objective. Local initiative forms a pool of development potential which must be tapped. The imbalances existing within Europe must be eliminated and wealth re-distributed. Local development can contribute the necessary dynamism for harmonious growth.

Integrated Mediterranean Programmes are, Mr Yennimatas felt, an illustration of the Community's awareness that development plans cannot all be cast in

the same mould. Needs vary and support measures must be adapted in consequence.

Speaking in support of the LEDA Programme, Mr Yennimatas stressed the benefits of local collaborative actions in which the social partners were fully associated, and in which relevant training and technical support was provided.

In conclusion, Mr Yennimatas stated that local initiative must build bridges with the central authority. It can be a useful counterweight to central power. Local forces are a vital source of imagination which can propel Europe out of its current economic lethargy.

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SESSION I

EMPLOYMENT PROBLEMS AND CHALLENGES ACROSS THE COMMUNITY

The European Community's LEDA Programme has studied local development in action in a number of pilot areas. These "case studies" have offered valuable insights into the mechanics of local development.

At present, 24 areas are included in the investigative scope of the Programme. The areas are very diverse and offer a cross-section of most of the European economy.

Together they cover some 2% of the EEC population.

Getting to the Heart of Local Development

Haris Martinos
LEDA Programme Manager
LRDP London

The areas were briefly presented to the conference by Haris Martinos, LEDA Programme Manager. He explained that two major sub-categories could be identified - urban areas and rural ones, each with their own interrelated sets of problems (see diagram).

In the industrialised urban areas, high unemployment has almost become a hallmark. Even the more prosperous industrial conurbations, such as Hamburg, suffer from high unemployment. In Barcelona, the numbers out of work range from 20% in the city to 30% in outlying areas. The structural nature of unemployment is the main problem encountered, Mr Martinos explained. Aalborg in Denmark, traditionally a ship-building centre, has persistently seen unemployment 3-4% higher than the national average. Dundee (Scotland), which has seen a dramatic decline its engineering and textile industries, has 14% unemployment, rising to 30% on peripheral housing estates. In addition, 40% of those out of work are long-term unemployed.

These situations are typical. Large, industrial cities and other urban areas tend to be beset by very high unemployment, affecting young people and women with particular ferocity. In such areas, unemployment is a reflection of restructuring, as old traditional industries disappear and new business

inappropriate skills
difficulties in newer industries
overdependence on traditional industries
restructuring
structural weaknesses in local economies
inability to generate new jobs
concentrations of unemployment by group & area

KEY FEATURES OF INDUSTRIAL AREAS WITH EMPLOYMENT PROBLEMS

PRINCIPAL PROBLEMS IN RURAL AREAS

start-ups fail. In Genk (Belgium), for example, the closure of the mining industry has cost 6,000 jobs in a town of 60,000 inhabitants. The experience of Le Bruaysis (Nord Pas de Calais - France), another area covered by the Programme, has been similar. In Tilburg (Netherlands), the textile industry has been wiped out in the space of twenty years. Generally speaking, decline has been multifaceted, stretching right across the traditional industrial spectrum. In addition to the employment dimension, this restructuring has forced a re-think of the relationships within the business world, as is the case of Raleigh, the bicycle manufacturer in Nottingham (United Kingdom), which has suffered massive job losses over the last 10 years. Recession has sparked off a weakening of more recent industries, as seen in Ravenna (Italy), where the petrochemical industry has been undergoing reconversion since 1984-85, often with large-scale changes in ownership, management, investment patterns and industrial relations. A similar situation has occurred in Dundee, where thousands of jobs have been lost in the relatively modern electrical and electronics industries. These are healthy enterprises, Mr Martinos stressed, but their employment needs have changed. As a consequence, their level of new employment creation is not high enough to soak up available labour reserves. In Hamburg, which can be termed a wealthy city, for every job created at the beginning of the 1980's, 22 were lost.

One of the major reasons why the rate of job creation has fallen out of step with losses is the skill factor. In Genk, for example, 93.4% of the immigrant population and 72.8% of the Belgian population are educated only to lower secondary level. As a consequence, entrepreneurial skills and self-motivation are severely lacking. This acts as a major constraint upon local economic development and is a negative factor in the distribution of newer jobs. Mr Martinos cited the example of Barcelona, where Olivetti closed down a traditional plant producing typewriters and replaced it with a computer plant outside Barcelona requiring highly specific skills. The existing workforce is ill-adapted to the jobs on offer. Overdependence on traditional industries has made it difficult to adapt to new requirements or grasp entrepreneurial initiative. A Europe undergoing change must come to terms with this situation.

It is difficult to think of a sharper contrast to industrial urban decay than the underdeveloped rural economy. And yet similarities exist. The employment problem is no less acute, with underemployment a chronic characteristic. Basic services and infrastructure tend to be sorely lacking in such areas and potential has over decades been bled by out-migration of the young and often more educated population groups, which is in some cases continuing. In Les Baronnies (France) and Connemara (Ireland), retention of young people is a chief concern. If the countryside is not to become a rural desert, the problems of farming and traditional craft operations must be addressed, Mr Martinos declared. In other words, marketing and commercialisation networks must be upgraded. Such a move is especially urgent in the context of the forthcoming European single market. Illiteracy, conservative attitudes and an ageing population act as a curb upon human potential, Mr Martinos stated. Decline in rural vitality has been accompanied by dependency on welfare and migrants' remittances. These problems have been accentuated by the peripheral nature of such areas. Sitia (Greece) and Chaves (Portugal), for example, are remote from national and EC centres both in geographical terms and in terms of decision-making powers.

Mr Martinos pointed out that while the areas participating in the LEDA Programme were chosen partly because of their problems, they were also selected because of local attempts to overcome these difficulties. In Les Baronnies, for example, a competitive aromatics industry has been developed and is firmly targeted upon the international economy. Given that this sector is dominated by multinationals, small-scale concerns can only

compete by developing a viable marketing structure. In Sitia, much effort has been invested in developing tourist potential. While such development is very positive, there is a serious risk that too great an emphasis in this direction would accelerate the decline of traditional activities, as already manifested in labour shortages in the summer and unemployment in winter.

The Shannon Region had in the past been rather successful in attracting international hi-tech firms into the area. With branches of such multi-national firms usually having stronger links to international markets than to the local economy, they made only a limited contribution to the development of existing local industries. Once this was understood, development efforts were concentrated on encouraging the activities of traditional local industries.

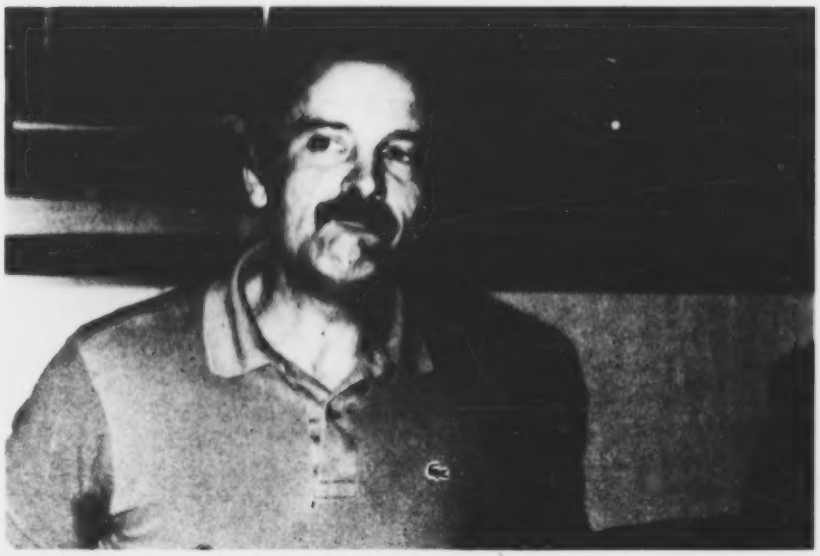
Mr Martinos concluded that, while the situation was not an easy one, all the localities studied were found to have strengths and unexploited potential. Disillusionment with the shortcomings of traditional approaches have provided the impetus for fresh initiative, some examples of which were to be presented in the following sessions.

SESSION II

LOCAL RESPONSES TO EMPLOYMENT PROBLEMS
THREE EXAMPLES

Mr Martinos' illustration of the range of problems facing Europe set the stage *for a more detailed analysis of the dynamics of local development.* Three LEDA case study areas were presented.

Les Baronnies: Fighting Emigration and Agricultural Decline



Jean-Baptiste Lanaspeze
Sud-Initiatives, France

Les Baronnies (Drôme, France) is an area of contrasts, stretching from the plain of the Rhone valley to rocky, mountainous areas, where population density falls as low as 6 people per square kilometre. It is in many ways typical of peripheral rural regions. Of a working population of 9,000, 45% are farmers, in spite of the fact that the labour needs of agriculture have sharply contracted. In addition, the industrial fabric is weak, resulting in a dearth of skilled jobs. Crisis has struck the traditional farming and lavender industries.

Economic activity is therefore slack. Unemployment stands at around 9%, yet this does not accurately reflect the stagnation of the local economy, according to Jean-Baptiste Lanaspeze (Sud-Initiatives, France). Young people leave to try their chances elsewhere and 50% of women are without a job.

The local government authorities have created an inter-municipal Local Development Association which has been in existence for over ten years now. In the initial stages, it concentrated upon stemming the exodus of young people, chiefly by providing incentives for them to farm in the mountainous areas. The Association decided that agriculture was an integral part of the local economy and had as such to be preserved. Although this was considered as reactionary at the time, it succeeded in reversing the outflow of farmers and has now stabilised the agricultural potential. The process cost a total of FF 10 million, a modest sum, Mr Lanaspeze stated, compared with the investments sunk into some other employment localities.

However, this success has not been mirrored in other sectors and the Association is struggling against disillusionment as it strives to extend the development process. Enterprise continues to be a scarce commodity and socio-economic conditions are not bright. Although Mr Lanaspeze conceded that the peripheral nature of the region was one of the reasons for failure to attract companies or draw them into the development process, he also laid blame firmly at the door of existing firms and Chambers of Commerce. In ten years, he declared, very few viable partnerships have been formed. Cooperation with economic actors has remained very low-key and Chambers of Commerce appear to be resolutely blinkered to issues in their own fields, whereas solving the problems demanded an inter-sectoral approach. In addition, political power and resources are severely lacking.

However, the Association has not allowed itself to wallow in gloom. Three main objectives are currently being pursued. These are:

1) Making the best use of the agricultural base, through the direct sale of local produce and the development of agri-tourism.

2) The introduction into the local economy of integrated groupings spanning the entire economic process, from production through to processing and marketing, to increase value added at the local level. The aromatics industry is one area where this might be achieved.

3) A switchover of activities from sectors in crisis to leading-edge sectors.

Mr Lanaspeze emphasised that the Association would also have to re-set its sights on the creation of an urban employment magnet in Nyons, the main town in the area. This is an aspect neglected to date, he felt.

In conclusion, Mr Lanaspeze pointed out that the structural problems of the locality could not all be tackled locally, but were related, in fact, to priorities set elsewhere. It was illustrative of this, he maintained, that the area only had one local development officer yet 40 policemen. Local and political powers must revise the balance and redeploy funding to tackle the economic challenge. Human and financial resources needed to be mobilised in the right direction if significant progress was to be made in Les Baronnies.

Hamburg: Urban Unemployment : a Financial as well as a Social Problem

Jobst Fiedler
Mayor of Hamburg-Harburg
F.R. of Germany

Hamburg gives a good demonstration of the relevance and limits of local development, according to Jobst Fiedler, Mayor of Hamburg-Harburg. Although it is a rich city, employment levels are contracting faster than the F.R. of Germany average. It has attempted to apply a coherent employment policy over the last eight years, but results have been limited. The main explanation for this, Mr Fiedler felt, was that an active local policy was not always matched by appropriate national policies.

Hamburg is now lagging behind the growth rates of the Federal Republic as a whole. Unemployment rates have outstripped the national average. Its traditional industrial base, concentrated in the ship-building industry, refineries and manufacturing, has been eroded, whereas the services sector has stagnated in relative terms, with growth of only 17% compared to a national average of 33%. There has been a 3.2% contraction in jobs in the banking and insurance sectors, comparing highly unfavourably with the 10% growth seen at national level. With the widespread introduction of containers, around 10,000 port workers have lost their jobs. In addition, Hamburg is under pressure from competitive commuters who push local, less qualified citizens out of a job. Generally speaking, Hamburg lacks an entrepreneurial culture or a support network for entrepreneurs.

Cosseted by its wealth into a false sense of security, the city reacted to its downfall rather late in the day. An all-round development policy was only established in 1981-82. Some time was needed to re-define priorities before new activities took root.

The first of these, Mr Fiedler explained, has been the attempt to stimulate the creation of new businesses via renewal of the manufacturing and technological base. Secondly, business support services have been developed for existing firms and efforts have been made to retain them in Hamburg. Moreover, a labour market policy has evolved for what is known as the secondary labour market. This consists of temporary jobs, designed to be of service to the community. Finally, vocational training for young people and re-training schemes in general have been set up. In all, these schemes have taken 20,000 people off the unemployment register. Hamburg also has a small number of businesses in the non conventional sector, which are actively supported.

In connection with the objective of modernising the technological base, a new technical university has been opened, along with a technology park and

business incubator centres. It is hoped that this will attract new industry in front-line sectors such as aerospace, the car and chemical industries or micro-electronics.

Despite this very positive local approach, the picture has not yet changed. Blame could be laid at the door of the German social security system. While Germany's decentralised political structure gives localities a freedom perhaps not seen in other Member States, said Mr Fiedler, it also has its drawbacks. The funding of the welfare system was cited. As Mr Fiedler explained, only some of the city's unemployed receive unemployment benefit, paid by the Federal Government. A large proportion are dependent upon welfare benefit, paid for by the locality or the region. As a consequence, the city not only loses tax income because of the lower numbers in employment, but also has to cope with soaring welfare payments, which have jumped from DM 550 million in 1980 to DM1.4 billion in 1988. Its financial base has therefore been eroded. It is obliged, Mr Fiedler stated, to spend funding on passive welfare payments rather than on active employment policy. While this has provided an added incentive for the city to tackle employment problems, it also places rather severe limits on the extent of activities. Funds are therefore gradually running dry.

This brought Mr Fiedler onto the limits of local economic policy, at least in the German setting. One of the major problems was that national labour policy regulations covering access to employment programmes and funding are uniform, leaving no room for adaptation to individual regional problems.

Public-private partnerships are one potential solution to the funding problem, and one which is becoming more widespread. However, the private sector must be offered some advantage from such an alliance. Friction between the various levels of political authorities does not encourage the private sector to get involved. Political forces must pull together if local development efforts are not to wither in isolation.

Connemara: Problems of Fostering Endogenous Development

Michael Keane
University College Galway
Ireland

In the last of the three presentations in this session, the conference moved back into the rural setting. The Connemara area (Galway Gaeltacht) in Ireland, presented by Dr. Michael Keane (University College Galway), is located on the West Coast of Ireland and has a population of around 27,000. Its development policy and national government support have been linked to one essential factor, namely the fact that the Irish language is still in use in the region. The language factor perhaps also binds the local community together.

The area is poor in natural resources, having only the sea and its natural beauty to offer. A massive 80% of the land is of only limited agricultural use, resulting in small farm size. In all, 30% of the workforce is concentrated in agriculture, but the poor quality of the land means that they are highly reliant on welfare.

Like many other rural areas, Connemara was affected by outward migration. However, development policy dating back to 1958 has reversed this trend, giving positive proof of new job opportunities in the area.

The government set up a State development agency, the Udaras na Gaeltachta, in the Gaelic-speaking areas in 1958. It has won itself a credible record on job creation and has maintained this into the eighties. This has had a positive effect on the age structure of the population. Whereas in 1966, only 21.6% of the population was aged 20-44, this proportion had risen to 34.6% by 1986.

The strategy adopted by Udaras has consisted of developing the industrial base on the back of existing resources and via linkages with existing industries. Employment policy has therefore been state-induced rather than locally stimulated. While it has been of decisive importance in generating economic growth, in the present less favourable economic situation, this passive reliance on the dynamism of other sectors is less likely to be successful. It does not directly create new sources of wealth in the area. The Agency must now study how to exploit indigenous initiative, Mr Keane felt. In recent years, the Agency has tried to incorporate such an approach and has developed a small firm strategy. However, its work in this area has been largely unstructured.

In reaction to this externally-induced development process, local people have gradually acted to make development more locally based. There has been a conscious attempt to make the most of natural resources, to draw the public

more explicitly into a development process and more in tune with the social and cultural realities of the area.

This alternative approach culminated in the formation of community-based cooperatives to develop agriculture, small firms, infrastructure, tourism and language teaching. In 1979, there were six such cooperatives. However, Mr Keane pointed out that while the cooperatives have been relatively successful in attaining their welfare objectives, they have not been successful as commercial ventures. Seeking to combine social and economic aims, which is often a feature of local development, can be fraught with difficulties.

The relationship between the macro-economic environment, represented by State-run agencies, and micro-level aspirations is one of the main issues which must be faced for local development policy to attain its targets. There is, Mr Keane felt, a certain ambivalence within national bodies as to the recognition afforded to local-based organisations. National agencies are often not in a position to accommodate local structures. As a consequence, certain groups may pursue what Mr Keane termed "defiant development", countering mainstream trends. National funding will only be granted if local development conforms with national policies. Innovation potential can be lost as a result.

This is not to say that national agencies do not pursue enlightened development strategies. For example, Udaras has had great success in recent years with its support for aquaculture. The technique used for selecting and developing this sector is one which could be replicated in other areas. First of all, an appropriate industry was selected. Support was given for research into its potential and funding requirements met. The relevant skills and an integrated industrial sector were developed and, finally, the appropriate marketing strategy applied.
Mr Keane concluded that State-sponsored development did have a role to play, but could not be applied in isolation. Expressing a hope that the LEDA Programme could identify new strategies, he warned that the underlying problems, namely insufficient employment and out-migration, were still very much present.

In conclusion, although all three areas had attempted to develop a local development strategy, all could still point to shortfalls, not always of their own making. Particular criticism was focused upon the lack of resources, failure to assess local needs correctly and a tendency not to make the most of indigenous initiative. Central government, it was generally felt, still relies too heavily on action at the macro-economic level.

In addition, it was suggested that commitment to partnership, either among economic actors or between political powers, was often not as strong as it might be. The need for everyone involved to pull together was a central theme.

Public-private partnership is an avenue worthy of further exploration. Training is another important area for investment. Generally speaking, decentralisation of policy and redeployment of resources were considered to be two important requirements for local economic and employment development.

SESSION III

DEVELOPING RESPONSES - SETTING PRIORITIES AND ACHIEVING OBJECTIVES

The question of getting the right mix between the various aspects of economic policy, between the long- and short-term and between informal and formal initiatives was the central theme of Session III. The conference analysed this issue from both the national and the local, the urban and the rural viewpoints.

Urban and Industrialised Areas

Ravenna: Technical Support and Partnership to Overcome Inertia

Paolo Garonna
University of Padua
Italy

Problems as seen from the local viewpoint were explained first of all by Professor Paolo Garonna (University of Padua), who spoke with reference to the port of Ravenna (Italy). In some ways, Ravenna makes a very interesting case study because it is the Achilles' heel of the Adriatic industrial development model, otherwise referred to as the "Third Italy" model. Under this model, the ingredients for success are a broad network of small and medium-sized enterprises, an entrepreneurial culture, technological innovation and labour market flexibility.

Ravenna, while it possesses all the ingredients of this successful model, has proven unable to combine them in a dynamic fashion. Unemployment is high and new firms face a high mortality rate. Despite the fact that many initiatives have been taken at local level, such as the creation of a local development agency, start-up support and vocational training programmes, concrete results are thin on the ground. Ravenna has had immense difficulty moving from the blueprint to tangible achievement.

What are the reasons for this failure? What role can the European Community play in overcoming these problems?

For many people, the Community is still seen chiefly as an abstract source of funding, access to which is extremely difficult. Direct communication between the local and European level is thus sorely lacking.

A new role is therefore required for EEC policy at local level, providing not merely finance but also acting as a catalyst, via the creation of expert networks to exchange experiences, Professor Garonna declared. The LEDA Programme has attempted to inject a European dimension into development projects for the area. It has also given wide-ranging technical assistance, recognising that this might be one of the "missing ingredients" needed for the development of Ravenna.

Efforts have also been made to stimulate interaction between the local agents at various levels. Cooperation is of prime importance. Vocational training requires attention in order to make good the shortfalls in skills identified by local businesses, according to Professor Garonna. In this connection, a management school is being established.

In addition to technical support, Professor Garonna stressed the importance of evaluation, carried out not only by outside "viewers" but also by local development actors themselves.

Generally speaking then, structures must be revitalised, particularly as regards training and technology. Professor Garonna concluded that the area's problems would appear to lie not so much in a lack of resources as in a failure to make full use of them. Technical assistance and stimulation via expert networks can help remedy this problem.

Urban and Industrialised Areas

Genk: Official Levels Working Together

Bert Verbrugghe
Coordinator of the Limburg Integrated Programme
Belgium

The Genk municipality in Belgium is one of those regions in Europe which has had to cope with the gradual disappearance of the coal-mining industry. Yet it has a long-standing history of a dynamic approach to development problems, Bert Verbrugghe, Coordinator of the Limburg Integrated Programme, explained. As a consequence, it could serve as a prototype for other localities in similar situations.

When crisis began seriously to bite in the coal industry at the beginning of the eighties, the municipality decided to act. In 1983, various different groups of economic actors suggested to the political authorities that an employment body be created. The body, which immediately received the official seal of approval, was baptised the Genk Municipal Unemployment Contact Group (G.K.W.G.). Its main objectives are to promote employment either directly or indirectly through the identification of opportunities on offer. It has also encouraged large companies to give a helping hand to small firms.

The G.K.W.G. operates through various thematic working groups, Mr Verbrugghe stated. Its primary aim consists of employment policy projects. In other words, it strives to create opportunities through contacts with government or with employers. Secondly, it provides much-needed information on the economic structure. Management training and individual counselling is offered for people who wish to set up their own business. Finally, there is "Limburg Economic Activation", a local enterprise agency, in which large companies play a role.

Employment projects in the public sector are another area of the G.K.W.G.'s activities. It also organises seminars and training courses for immigrants and women.

Socio-cultural projects offer daytime activities for the unemployed, such as sports, to help them break out of their isolation. Finally, a news-sheet is published fortnightly, circulating information among the unemployed, the local community and decision-makers at various levels.

Referring to the role and limitations of local development, Mr Verbrugghe declared that there was no universal solution. Responses had to be tailor-made to fit requirements. However, since municipalities are the most directly confronted with unemployment problems, it is logical that they be the prime forum for action. In addition, it is simpler for local people to work together than to attempt coordination at a national level. While local authorities cannot themselves open new companies, they can provide the training and infrastructure which may spark off job creation initiatives.

In conclusion, then, Mr Verbrugghe felt that the four-tier action seen in Genk, where the municipality, region, national government and EEC all pull together, made a vital contribution to success. This combined interest generated additional stimulus within the local population and increased local commitment, he felt.

Rural and Peripheral Areas

Sitia: Infrastructure as a Building Block for Endogenous Development

Nicos Petrakis
Mayor of Sitia
Crete, Greece

The second part of the Session moved to the rural setting, with the presentation by Nicos Petrakis, Mayor of Sitia (Crete, Greece).

Sitia presents many of the typical problems of peripheral rural areas. Infrastructure is underdeveloped, a contracting farming sector has been the main source of employment, and remoteness from decision-making centres is

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sorely felt. The Province of Sitia covers a large but sparsely populated area. Farming is the professed activity of 62% of the working population and 42% of the entire population lives in mountainous areas. Villages have been dying as young people move away in search of a job.

Nevertheless, local people have attempted to reverse this trend in recent years. The lead was given by the Municipality of Sitia and all the main local actors have made their contribution.

Typically, Sitia suffered first and foremost from a lack of facilities. Unlike urban areas, rural localities often do not have the foundations for local development, in the shape of social services and infrastructure. Sitia recognised that these basic conditions had to be met before development could begin. An airport has been built, providing a direct air link with Rhodes. A cost-benefits analysis has given irrefutable proof of the benefits derived from such a move. A new hospital is also now in the process of being constructed.

In an effort to ensure integrated development, attempts have been made to improve the tourist infrastructure, while simultaneously exploiting local natural resources. Greenhouse farming has become an important activity and a modern winery has been opened.

Local actors were aware from the outset that infrastructure was a building block for development. Public debate and balanced development have also been considered essential: "Development should be balanced and endogenous, and...should be pursued through a process of democratic planning".

While stressing the importance of central government support, particularly in financial form, Sitia has felt all along that policy should not be imposed from above. Valuable additional financial resources have come from the European Community, under the Integrated Mediterranean Programme for Crete although this programme still has many imperfections. However, the local community is the best judge of how resources should be utilised. Initiative, Mr Petrakis concluded, should be allowed to flourish at the local level.

Rural and Peripheral Areas

Shannon Region: The Long-Term Approach

Donal Dineen
NIHE Limerick
Ireland

Shannon is a rural region of Ireland which has been industrialising for many years. Local development strategies have, Donal Dineen (NIHE Limerick - Ireland) explained, grown up in response to a number of factors. These

include the region's low per capita income, its heavy dependence on agriculture and high unemployment which has not been alleviated by significant outward migration. Physical and economic distance from the main markets has aggravated a feeling of physical isolation, which partly explains a lack of experience in international markets and a weak tradition of industrial development.

The activity rate, excluding the unemployed from the active population, falls to a mere 31%, generating a heavy dependency burden. In addition, there is still a strong leaning towards agriculture. The industrial sector of the economy is split down the middle, characterised on the one hand by foreign-owned, export-orientated firms in viable modern sectors, and on the other by locally-owned firms in traditional sectors. A new small firm sector has emerged, which has been particularly dynamic in the last ten years. It spans both the traditional and modern sectors and is very much the region's "bright hope" for the future. The development of the small firm sector has been fostered by Shannon Development, a State agency charged with the development of the region. In addition, the disadvantages associated with the region's peripheral nature have been considerably diminished by the development of an international airport, indispensable for both industry and tourism.

Another pole of Shannon Development's activity has been support for technical education, epitomised by the NIHE technological institute. The region's technological base has been further strengthened, with the creation of Plassey Technological park, an innovation centre and a high-tech centre. The objective is to improve general training levels. Conversely, the policy has been so successful that highly trained young people have often been obliged to seek employment opportunities abroad, due to a lack of opportunities on the regional market.

Shannon therefore clearly opted for the long-term approach to employment and development. This has been accomplished chiefly by stimulating the industrial sector.

The strategies used have revolved around the attraction of overseas investment, the development of the indigenous small firm sector and the improvement of physical (communications) infrastructure. Agricultural development, on the other hand, has occurred spontaneously in the framework of the Common Agricultural Policy.

In conclusion, Mr Dineen stated that the development process had been systematic, planned and long-term. Shannon Development had played an instrumental role and the LEDA Programme has made an important contribution in stimulating consultation between the various partners in the region, as part of an attempt to improve inter-sectoral integration. This will be the main thrust of the region's work in the coming years.

Locally delivered packages of support for deprived rural areas

Peter Whitehead of the UK's Rural Development Commission, describing multi-faceted initiatives for small industries in rural areas in his intervention.

Denmark: The Benefits of a Local Approach

Leif Christian Hansen
Ministry of Labour
Denmark

Denmark is rather advanced as regards the amount of freedom granted to local authorities for the organisation of employment activities. The national government is sharply aware of the limitations of central government activities, which often tend to become enmeshed in ideological issues. The people on the ground, on the other hand, are more likely to simply get on with the job. In recognition of this fact, Danish central government grants block subsidies to localities for employment activity and trusts their judgement as to how the money be spent, Leif Christian Hansen from the Ministry of Labour, revealed.

Mr Hansen's first point was that it is important always to keep the employment objective in mind and that this had to take priority over pursuing a purely economic policy, at least until such time as the economy is in healthy enough shape to cope without support. In Denmark, the level of youth and long-term unemployment is lower than in the other EEC Member States. This, Mr Hansen felt, could be attributed to the fact that Denmark reacted to the situation relatively early and adopted legislation to alleviate the situation in 1978. As a consequence, local authorities have been obliged since this date to earmark money for measures to combat youth unemployment. If they fail to spend this quota, the shortfall must be handed over to the State. In practice, however, this never happens, with expenditure tending to spill over in the opposite direction.

The long-term unemployed have access to a wage subsidy system, under which jobs created on their behalf receive a subsidy top-up. Although the government originally had hoped that the majority of such jobs would emerge in the private sector, in reality they have been largely concentrated in the public sector.

The government's main objective has been to create a coherent framework within which local authorities have sufficient freedom and means to operate efficiently. Local partnership has been centred around youth measures. The administrative system devised consists of "employment secretariats", within which all the social partners are associated. Central government imposes a certain number of statutory limits to ensure, for example, that competition within the private sector is not distorted. Central government considers that this balance of freedom and statutory limits provides the best blue-print for strong local commitment and involvement.

The Danish Government is convinced that the only viable short-term solution to the employment crisis lies in job creation schemes, although it does not

neglect the macro-economic side of the equation. As Mr Hansen put it: "The overall political/economic strategy is that full employment should - and can only - be achieved by pursuing an economic policy which increases the number of jobs in the private sector. But until this objective has been achieved, a labour market policy must also be pursued which aims at increasing the employment effects for unemployed persons who are at risk of becoming long-term unemployed".

Training is one way of building a bridge between these long- and short-term aims. Correctly orientated training schemes can give the private sector the necessary material to sharpen its competitive edge. Support for business creation is another way of stimulating the private sector fabric. Links between industry and employment promoters will prove vital in the future, Mr Hansen declared.

In summing up, Mr Hansen stated that the Danish central government had confidence in the local level and it saw its own role as a guiding hand

For an employment policy to pay off in the long run, both short- and long-term objectives should be followed. But, Mr Hansen conceded, local authorities are more effective at the short term level. Similarly, there must be both direct and indirect job creation efforts. Finally, national and European cooperation increases the opportunities for the exploitation of available resources.

Getting the Right Balance

Chris Brooks
OECD, Paris

Commenting on the previous presentations, Chris Brooks (OECD) emphasised the need to strike the right balance in developing policy. It is not a question of choosing between dealing with the short-term problems of unemployment or changing the emphasis of the local economy. The two are not in conflict, the time scale is simply different.

On the question of whether strategies should focus on job creation or simply promote employment indirectly through the development of economic activity, Mr Brooks agreed with Mr Hansen that if the two are split, errors will inevitably be made.

The experience of other countries in turning around a declining industrial area into a booming modern economy is worthy of study, Mr Brooks declared. Massachusetts in the United States is one such recognised example. In the space of twenty years, it has reversed its economic fortunes, bringing down

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unemployment to the current level of 1.9%. The "Massachusetts miracle" is, Mr Brooks stated, related to both the activities of the public sector and to private initiative. The State of Massachusetts itself made a great effort to upgrade its educational infrastructure. It was helped along by the Federal Government, receiving 30% of the national R & D budget for defense. This funding was to be the spearhead for the development of modern industries in electronics and high technology areas. This, then, is a clear demonstration that national policy can be used to complement local activities.

Presentations had also shown that local development did not necessarily only mean increased resources, but rather the improved use of existing resources. On the interface between macro- and micro-level policies, the point was made that unless sufficient economic demand exists then, regardless of the quality of the initiative, it will prove impossible to maximise its potential. In addition, it is vital to recognise the diversity of the different situations. Because of this, the "best practice" approach can be dangerous, in that best practice may not be the same everywhere.

Mr Brooks felt that serious private sector involvement in local development will only come about if partnership arrangements embrace interests of private firms. It is illusory to believe that the private sector will become involved on a worthwhile scale for the good of the local community or because of its social conscience.

The practice of "networking" - creating links between local actors and among firms in particular - although time-consuming, can bring rich, long-term rewards. Unlike job creation schemes, it does not have immediate impact. But it forms an integral part of the process of local development. It is important to recognise, Mr Brooks stressed, that the psychological transition from the highly directive industrial society to much more interactive local development is "a mind shift of important dimensions". Such a transition cannot take place without support, leadership and information.

Block grants, such as used in the Danish situation, are an important tool, Mr Brooks said. They signify recognition by the central power that it cannot fully grasp the complexity of the problems which exist at local level. Finally, Mr Brooks warned against placing too much faith in the national and international level for the resolution of local problems. The national and international level create the environment for resolving problems, but cannot effectively put solutions into practice at the local level.

Enhancing Chances of Success

Antonio Vazquez-Barquero
Universidad Autonoma de Madrid
Spain

The presentations on Sitia and the Shannon Region provided a contrast between grass-roots initiatives and central authority action. In their different ways these examples demonstrated that a bottom-up approach to social and economic problems still requires a coherent, planned strategy.

Jean-Eric Aubert
OECD-Paris

Part of the strength of an endogenous development model in rural areas is, as Professor Antonio Vazquez-Barquero (Universidad Autonoma de Madrid) put it, "a strong and profound sense of both local identity and pride in (one's) own culture"*. And yet this is not enough. The infrastructure must also be present, along with the human resources and the appropriate training. The first condition is essential in rural areas if they are to overcome the "remoteness syndrome" and gain a foothold on international markets.

Some form of structural policy, possibly in the shape of a development agency, has been found to be helpful in the areas presented. The keyword, however, is partnership. The involvement and commitment of the local population is vital for their receptiveness to development activities.

Finally, as Jean-Eric Aubert (OECD, Paris) stressed, rural communities must break out of their isolation and all localities must venture out of their limited operating area in order to link up with the outside world. Such networking will be essential in the forthcoming single European market.

* The annex to this report contains conclusions of three workshops held in the framework of the LEDA Programme. The conclusions on specific problems of rural and peripheral areas were drawn up by Professor Vazquez-Barquero.

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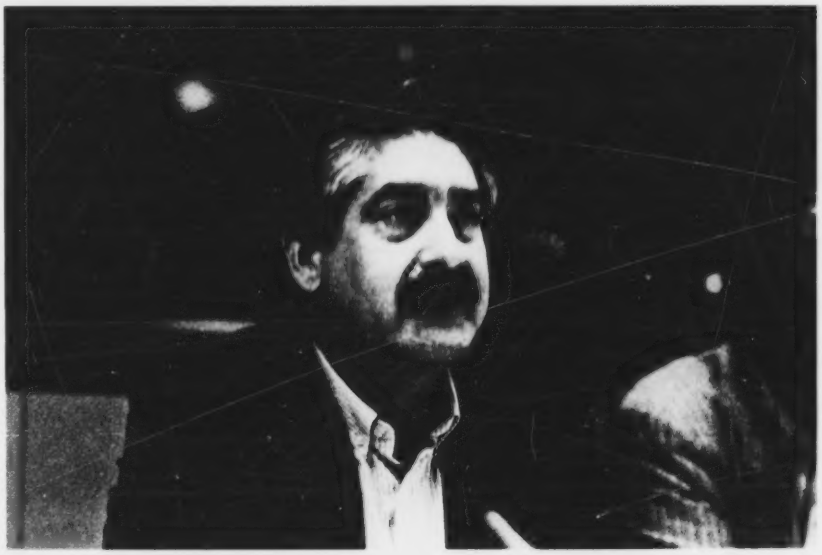
SESSION IV

ACTIVATION AND MOBILISATION - LOCAL ACTORS AND AGENCIES

The theme of this Session was "activation and motivation". It looked at the dynamics of local development and the role of the various different actors. The question of "formal" and "informal" responsibility was introduced. Is local involvement in employment policy a prerequisite for success? What is meant by central "awareness" of the local level and how fundamental is it?

Barcelona: Conflicts and Partnership - Who is Responsible?



Jorge Aznar
Municipality of Barcelona
Spain

Lack of local power is not only a problem afflicting small towns or rural areas. It is also one acutely felt in a large city such as Barcelona, where responsibilities for employment and industrial policy, as Jorge Aznar (Municipality of Barcelona) pointed out, are somewhat disputed between local, regional and central government.

And yet local government is often much more closely concerned with unemployment and local employment development. With 22% unemployment and 125,000 registered out of work in Barcelona, the municipality could not but act to alleviate the resultant social hardship. Local government in Barcelona decided to take on responsibility in an informal manner, in what can be termed a "social interventionist" policy.

However, the municipality has no intention of being isolationist. It has developed links with the National Institute for Employment (INEM), the national body responsible for unemployment benefit and training programmes. One of its overriding concerns has been how to stimulate greater dynamism in the local economy.

Naturally, the adoption of what was a totally new role for the municipality was not all smooth going. In the initial stages, it came up against numerous problems and failed to obtain significant results. But it refused to lose heart. A second stage was launched in 1985 in the most depressed areas of the city, with the objective of involving local actors in a more dynamic manner and

linking public and private initiatives. An attempt has been made to step up private firm cooperation and more fully involve the unemployed themselves.

This second stage has been essentially experimental. In a big city, partnerships are crucial and this has been the favoured line of action of the municipality. New tools, which it is hoped will have a multiplier effect, have been put in place. These include a municipal venture capital provision - Iniciatives S.A.. A similar venture exists at provincial level. A "Working Party for Economic and Social Development" is responsible not only for the coordination of employment programmes at municipal level but also for economic animation at neighbourhood level. "Barcelona Activa" assists new business start-ups providing, among other things, managed workspace. Other initiatives have been set up by a number of bodies including by the Generalitat de Catalunya. Much hope has been invested in the opportunities which will be generated by the Olympic Games in Barcelona in 1992.

A third phase is planned for post-1992, with the emphasis on complementarity between different actions. Initiatives will concentrate on reviving the economy and improving coherence and consistency between the various projects.

Mr Aznar concluded that the municipality's efforts were beginning to pay off, with unemployment in the city now two points below the national average.

Storstrøm: Changing Local Structures and Making the European Connection

Kristian Primdal
Storstrøm County
Employment Department
Denmark

The County Council of Storstrøm offers an example of the way in which bonds can be formed across the institutional spectrum in order to revitalize a particular region. The session was particularly noteworthy in that presentations were made by representatives of both local government and central government. In addition to forming an interface with national government, it was shown how Storstrøm County had striven to take advantage of the support offered to regions by the European Community.

Kristian Primdal (Storstrøm County Employment Department) explained how the locality has had to cope with many of the features of a peripheral rural area, such as high unemployment, rising to 30% in some communes, and much in-built unemployment originating from the structure of the local economy. The area is characterised by a poor rate of new business start-ups and in general by the lack of a flexible trade structure, which has been the saving grace of so many other areas of Denmark. Unemployment intensified when

the shipbuilding industry began to collapse. At the same time, prospects for the agricultural industry have begun to look increasingly bleak.

The County realised the importance of integrating both short- and long-term employment policy aims and set about promoting the area's industrial and economic potential. The turning point came in 1984 when the Regional Plan was revised and a new one, drawing upon past experience, approved for the period 1985-1996. The central objective is to "seek new paths in an endeavour to improve business development". It is hoped that this will be attained by pursuing four main strategies. These can be broadly summarised as start-up assistance, technological aid, advice and re-training. In the first instance, the County Council will attempt to make better use of existing support schemes. Support and cooperation are the main strands running through the Programme, with efforts being made to encourage use of new technology and increase cooperation between the public and private sectors.

The County Council sees its role as a catalyst at the local level and a go-between with higher levels. Efforts have been made to draw full benefit from the various Community aid schemes on offer. The Programme has been carefully prepared to slot neatly into the definition of "Community programmes" and "national programmes of Community interest", eligible for aid from the EC's European Regional Development Fund (ERDF). Awareness and exploitation of Community-level opportunities are apparent in other areas. In agriculture, for example, plans to diversify cereal and sugar concerns have been designed with a close eye on the relevant EC aims, and "an attempt will be made to integrate these schemes with interventions financed by the European Agricultural Guidance and Guarantee Fund". Similarly, a proposal has been made for the re-development of the Nakskov-West Lolland area, previously dominated by the shipbuilding industry, under the EC's Renaval programme for the re-organisation of shipbuilding industries.

Finally, the County plays the role of a mediator between large and small firms and the banks in an attempt to encourage them to grant funding where needed for local development. This mediator role is essential in the 1992 context, when small and medium-sized ventures will only survive if they have access to the necessary expertise.

Kristian Primdal concluded that structural re-organisation could benefit the local development process. The decision-making process should be further moved down from the central to the local level, it was suggested.

This point was conceded by Jan Hendeliowitz, from the Danish Public Employment Service, which serves as a national labour board. He felt that national government had made an effort to decentralise labour policy in recent years. However, he emphasised that there was no cut and dried answer.

Jan Hendeliowitz
Public Employment Service
Storstrøm, Denmark

Storstrøm County illustrates some of the rigidities which have beset the European labour market. For many years, the industrial structure was stable, but when major changes in employment began to occur, the institutional and political structures did not adapt. Changing of the static political structure should be a top priority, according to Mr Hendeliowitz. It was his experience that trade unions often have a negative influence and, in his view, block the process of creating employment via new firms and new types of jobs.

Central government must recognise that it is pointless to support groups which seek simply to preserve the old order, Mr Hendeliowitz declared. It should rather ensure that all those who positively contribute to economic development have a say in distributing funds. Limits must also be set on national funding, in order to avoid further dead-end investment in training for out-dated skills. While stressing his belief in the need for increased

representation at local level, Mr Hendeliowitz said that decentralisation should only take place if central government can be assured that money will be correctly spent. Interplay of all actors is important, but it is equally important to have the right political infrastructure.

Mobilising Energies and Managing Tensions - the Work of Local Development Agencies

Cathérine Leroy
Fondation Rurale de Wallonie
Belgium

When economic crisis hit Europe in the seventies, it took years for awareness of the problem to develop, Cathérine Leroy (Fondation Rurale de Wallonie), stated. Local authorities and large firms were often slower off the mark than people at grassroots level, where initiative flourished under the collective label "Local Employment Initiatives". However, it rapidly became clear that LEIs required management, expertise and financial support. Entrepreneurs emerging from sheltered employee positions in a large infrastructure had little idea of the managerial and decision-making skills required in their new role. Some traditional Chambers of Commerce were often preoccupied with protecting existing businesses and gave a frosty welcome to newcomers on the business scene.

The response to these problems emerged in the shape of "local development agencies", whose form and means are highly diverse, but which all aim to optimise local resources. They represent a new and unprecedented channel for local action.

The initiative for the creation of local development agencies has often come from the private sector and from local authorities. In most cases, their creation dates back to the beginning of the eighties. The movement began in the north of Europe, with newer development agencies to be found in the south of the Community.

The form taken by such agencies is highly diverse. The vast majority are non-profit-making entities. Often they are joint public-private ventures. Budgets vary widely, as do the number of persons involved, their background and training level. Some work with a specific target group, such as young people, women or the long-term unemployed. Others concentrate on a particular aim, such as the provision of training or information. Some analyse the implications of central decisions on the local level or serve as a testing ground for the potential of new strategies.

That said, there are naturally some similarities. They all aim to go beyond the primary aim of managing the unemployment problem by creating or

stimulating new work forms. They are very much a pivotal point between the macro- and micro-economic levels. They seek to manage the inevitable tensions which exist between the national, regional and local levels. While their numbers - about a thousand - are limited in relation to the scale of the unemployment problem in Europe, such agencies provide a means of boosting development in areas where all other solutions have floundered and often bolster the self-esteem of the local community.

Local Actors- Public and Private

Leo Verhoef
NMB Bank
Netherlands

Leo Verhoef, from the NMB Bank (Netherlands) warned against excessive optimism regarding the scope for local action, even though it is undeniable that many economic problems have arisen which can no longer be resolved at central level and that local action will be needed to help localities attain their development potential and face the challenges of 1992.

He felt that local development "actors" could be classified in a number of categories. The largest group is essentially passive, consisting of "sponsors" or "supporters" who contribute finance or manpower but have no wish to become actively involved in local initiative. Such an approach, pursued by both companies and government departments, was what Mr Verhoef termed the "policy of surrender". At the other end of the spectrum are to be found the "operators", responsible for actually implementing projects and attaining objectives.

In practice, Mr Verhoef declared, some 80% of actors remain passive. Big firm participation, although very worthwhile when it occurs, is rare. This "hands-off" approach is detrimental to local initiative.

Speaking of the quality of "operators", Mr Verhoef noted that "although projects may be set up with enthusiasm,..., entrepreneurs or the unemployed may not be ready for them". Training and support services can help overcome this problem.

Mr Verhoef felt that local support is often too narrowly targeted upon a particular aspect of employment development, such as start-up aid, and fails to adopt an integrated approach to the difficulties of a locality. His solution would be: "... a Marshall Plan for the development of European regions that goes further than simply shifting money about".

Moving back to the distinction between passive and active involvement in local development, Mr Verhoef spoke of the NMB Bank as an example of an "operator". It specialises in providing services and management support to small fledgling companies. One of its initiatives, jointly launched with the local authorities, was a managed workspace centre in the new town of Almere. However, although the centre can be deemed successful, producing more than 600 jobs and registering a low bankruptcy rate, Mr Verhoef felt that the bank was being left to act alone - the municipality had once again "seized the opportunity to take a back seat".

Despite difficulties, Mr Verhoef believed that local development depended upon local initiatives which "form the basis for an approach aimed at structural renewal and improvement of the local situation". But they should respect four key concepts: professionalism, commercial realism, adaptability and viability.

Local initiatives can only survive if they can manage the environment in which they find themselves. The local development phenomenon, while not offering a panacea for employment problems, contains scope for economic improvement.

Fostering the Developmental Approach

Alberto Melo
Polytechnic Institute Faro
Portugal

Commenting on the various contributions, Professor Alberto Melo (Polytechnic Institute Faro, Portugal) analysed the use of the word "local". While he was struck by the range of meaning lurking behind the term, it was clear that the local level was recognised as able to offer an opportunity to act in an integrated manner which was not possible at regional or national level. This is reflected in the choice of terminology. It is not possible, for instance, to speak of "beneficiaries" when operating at local level. The term "participants" or "partners" must be used, whereas beneficiaries would be the operative word at central governmental level.

One of the key preoccupations of local development is how to build bridges between central government and local initiative, Professor Melo stated. Development agencies are perhaps the most suitable solution to this, as illustrated by Ms Leroy. They can act as effective intermediaries between the various levels.

Steps must also be taken to encourage the emergence of initiative. This means creating a fertile social and cultural environment. It is essential to combat passivity, to establish self-confidence or, as Professor Melo termed it,

"development-mindedness". This is particularly difficult in rural areas, where people may be reluctant to take the plunge. A change of mentality, partly obtainable through training, is thus essential.

Evaluation: a Fundamental Concept

Peter Aitken
The Planning Exchange, Glasgow,U.K.

The session was concluded by Peter Aitken (Planning Exchange, UK). who made a number of points on the previous discussions.

His first point concerned the importance of monitoring the effectiveness of various measures and particularly development agencies. Linking up with Mr Verhoef's comments on the need for a serious financial approach, Mr Aitken stated that a decision must be taken in advance on how projects should be evaluated. The assessment concept must, he declared, become an integral part of EEC initiatives. The European Community could be used to put greater pressure for involvement on national governments, Mr Aitken felt.

Public-private partnerships were definitely the way ahead, in his view. They increased the "leverage" of development initiatives, enabling, for example, the use of public funding to gain access to private finance.

Finally, while praising the Danish system of block grants, Mr Aitken warned of its potential "blackmail" value, in that government can turn the tap on or off, thereby effectively ensuring that local government marches to its tune.

SESSION V

LINKS BETWEEN NATIONAL AND LOCAL INITIATIVES

There is a need to analyse which form of national/local policy linkage has the most impact on the local employment market. This session set out to do that, ranging across different national experiences in order to compare and contrast, while drawing out common footholds for success.

Central Government: the Policy Instigator

Norman Perry
Director of the Inner Cities Initiative, U.K.

The extent to which central government's philosophy can be influential in determining the shape of local development was made clear by Norman Perry (Director of the Inner Cities Initiative, UK). Mr Perry explained how, for a decade or so, local authorities in the UK were seen as the "main implementors" of government urban and regeneration policy. However, the present government's heavy insistence on the individual, urging people to act for themselves, has generated a shift back to direct action by government departments and agencies. The objective is to "enhance the benefit to local people of the money channelled through existing central programmes", with the complementary belief that policy should aspire towards small manageable units.

The main thrust of central government policy has been concentrated in Inner City Task Forces, of which 16 were created between February 1986 and July 1987. They have targeted government action in inner city areas where traditional industry has disappeared, where there is often a high concentration of ethnic minorities and pockets of high unemployment.

These Task Forces have been constituted as relatively small units, each with a staff of between five and six. They are directly linked to central government and indeed have direct reporting lines to top-level government officials and ministers. The political impetus is thus very strong.

The mainspring of the Task Forces' activities has been an attempt to draw local businesses into economic regeneration activity. A purely government tool, they carry out research into how government training programmes can

be brought more effectively to the most deprived areas. They encourage the development of local enterprises and upgrade the local employment content of major construction projects. Industrial or commercial firms are now partners in over one-third of projects, matching public finance with private. Venture capital schemes have been launched in an attempt to fill the gaps in traditional banking systems. Training is matched to jobs, following surveys of employer requirements.

One of the major roles of the Task Forces is, Mr Perry explained, the provision of successful role models for local people. These are particularly needed by ethnic minority groups. The Task Forces therefore work upon motivation, convincing people that they must make use of the facilities available to them. It is hoped that they will enhance local development capacity through building confidence.

Mr Perry concluded by explaining that the objective was to help communities stand on their own two feet. Once the process of self-help is considered to be underway, the Task Force is shut down. This avoids the creation of dependency.

Tailoring to needs

Gerhard Gröbner
Ministry of Labour
F.R. of Germany

An outline of labour market policy in the Federal Republic of Germany was given by Dr. Gerhard Gröbner from the Ministry of Labour. Dr. Gröbner explained that while Germany has one "all regions" labour market policy, which aims to reduce unemployment and stimulate economic growth, its implementation is tailored to regional needs. Unemployed people have the right to equal treatment throughout the Federal Republic, which implies that regions automatically obtain resources in proportion to requirements.

The labour market policy acts upon the demand side of the labour market, by attempting to create jobs or to preserve existing ones, for example by maintaining workers on short-time working, or upon the supply side of the labour market (e.g. re- or further training, wage subsidies or early retirement schemes).

Federal labour market policy is implemented in a decentralised manner which takes account of local needs. Local labour offices have considerable leeway in designing programmes. Additional activities of Länder or municipalities are generally harmonised with federal policy. These tend to make broader

allowance for regional specificities and groups of people excluded from national labour market policies, such as welfare beneficiaries.

Consultation procedures are more complex in a federal state than in a centralised state. Coordination between the different levels much depends on the initiative of the various actors. The German labour administration is a tripartite organisation in which Federal government is represented at the level of the Federal labour office, whereas municipalities are represented at the level of local labour offices. Thus, institutional structures are such that national policy can be tailored to local needs, Dr. Gröbner concluded.

Local Employment Committees: a French Approach

Paulette Pommier
The Liaison Committee of Comités des Bassins d'Emploi
France

In France, central government has attempted to forge a link between the State and local level, in the form of what are known as "Employment Area Committees". The background to and role played by such committees was described by Paulette Pommier (Liaison Committee of "Comités des Bassins d'Emploi").

Ms Pommier described how the development of a local approach to employment problems has been hindered in France by the surrounding institutional and legal context, which is highly centralised. It is consequently ill-adjusted to the role of supporting employment creation, although a local employment movement has developed in recent years.

The government decided to act at the beginning of the eighties, by the creation of a network of such committees. At present, they cover between one-third and one-half of French territory. The objective of the State was to mobilise all resources at local level. The initial structure drew in three groups of local actors, namely elected representatives, the private sector and trade unions. However, this has evolved over the years, along with the services provided by committees, as they adapt to their particular local situation.

Moving on to the contribution which committees can make to local development, Ms Pommier identified five functions. First of all, they can provide thorough knowledge of the local environment, through analysis of the local market. Such committees therefore act as local "observatories". Secondly, they analyse experiments or projects to produce prototypes. Thirdly, they can explain national programmes to local target groups and help adapt them to the local context. Fourthly, they play a role in mobilising the local community around the theme of job creation. Finally, they can

coordinate activities, for example in the field of training, in order to obtain a coherent policy at local level and pool the different resources.

Ms Pommier revealed that the State is generally represented in the local Committees, thereby providing a link with the national level. The objectives to be pursued are formalised in a contract between the State and committees.

Despite the relative success of the operation, Ms Pommier felt that the decentralisation process should be pushed further. She also felt it important that on-going assessment be carried out and used to help committees correct their mistakes.

Development Agency - a Greek Approach

Christos Tassiopoulos
EETAA
Greece

Another instance of an intermediate body between the central and local level was provided by Christos Tassiopoulos. Mr Tassiopoulos spoke of the role of the Hellenic Agency for Local Development and Local Government (EETAA), set up by the government in 1985. EETAA is what Mr Tassiopoulos termed a "quasi-public social organisation". It essentially provides technical support across the local development spectrum with the aim of supporting local initiatives and stimulating local development.

Central government support and cooperation between the local and central level is fundamentally important for successful decentralisation and local development, Mr Tassiopoulos stated. This has materialised in Greece in the shape of the EETAA, which was established by central government as part of a decentralisation movement with a view to providing the services required by local government.

The Agency is a joint venture between the State and local government. It is constituted as a private limited company. Its shares are held by these two partners, along with public and social institutions. This makes it directly accountable to the authorities and it operates as an advisor to local government.

The Agency's chief objective is technical support at local level. This takes the form of market research, feasibility studies, provision of information and advice and the organisation of training. EETAA experts or development agents are often at the local level to facilitate these tasks. The Agency cooperates with specialised bodies from both the public and private sectors.

The Central/Local Dialectic

David Coombes
NIHE Limerick
Ireland

A broad over-view of the content of the session was provided by David Coombes (NIHE Limerick, Ireland).

First of all, Professor Coombes emphasised that before trying to identify a "best practice" pattern, it was essential to understand the factors which influence the success of local employment development. Such specificities are largely unchangeable, and can determine the form or manner of a locality's response to its employment situation.

Among the most important factors identified by Professor Coombes were the institutional structure of the State and the degree to which government is centralised. To this are related the powers accorded to local authorities, which determine their degree of autonomy. Cultural (language) and geo-physical factors also come into play.

Local economic initiatives and the management of local labour markets must be seen in this context, Professor Coombes felt. Identification of such factors is important for understanding the dynamics of the development process and analysing how far it can be pushed in a particular direction.

Creating some sort of template for local development involves the balancing out of the positive and negative features of over-centralisation and over-localisation. A centralist approach may be re-distributive, compensating for the failures of the distributive process embodied in the economic system. A micro-economic approach can prove to have too narrow a view of what is appropriate, yet there is no other viable manner of identifying local needs. Similarly, while small-scale democracy may be closer to the people, it can also become tainted by petty and vested interests. Consequently, "the most suitable structures and methods will probably be those designed to reconcile both kinds of pressure and to provide a workable and acceptable balance".

In conclusion, Professor Coombes declared that the existence of different practices in the various Member States was natural and unavoidable. However, "useful comparisons" are possible, and hold the key to optimising the development process at Community level. Close understanding of the workings of local development is essential for the Community in the context of the forthcoming single market: "The prospect of the internal market, which will introduce further restrictions on the capacity for centralised intervention by national authorities, makes it all the more necessary to identify general criteria to guide the actions of authorities representing regional or local territorial units in economic affairs".

SESSION VI

COMMUNITY SUPPORT

The closing session dealt with the assistance which the European Community can offer to local employment development. Such assistance is a form of "Community solidarity" and it takes multifarious forms, ranging from technical support, to the provision of an intermediary between the local and national level or, perhaps the one which attracts most attention, financial support. Moreover, misgivings persist regarding the EC's structural support systems. For example, was too much weight being given to financial support as opposed to advice and assistance? The presentation by Jérôme Vignon, Head of the Central Advisory Group of the Commission of the European Communities, outlined the Community's new policy orientation.

Policies for the Future

Jérôme Vignon
Head of the Central Advisory Group of the Commission of the EC

Mr Vignon began by stating that structural fund aid was an activity tool. The operating principles of the funds are currently undergoing reform. However, the basic instruments have been the same for fifteen years, consisting on the one hand of grants and on the other of "soft" loans. The Integrated Mediterranean Programmes (IMPs) are, Mr Vignon stated, a prototype for future activity and are well suited to support of local initiatives.

Grants, Mr Vignon explained, are managed using three structural funds, namely the European Regional Development Fund (ERDF), the Social Fund and the EAGGF-Guidance section.

In parallel to these, there is the loan instrument operated by the European Investment Bank and loans directly managed by the Commission, for example in the framework of the New Community Instrument, under which intermediary bodies are allocated funds for on-lending to local development projects. A wide range of financial measures therefore exist. Some are very well adapted to the needs of local development.

Structural funding has entered a "new era" since the Summit decision to reform the structural funds. Community structural policy is henceforth to be targeted upon reducing regional imbalances. In 1988, the EC's Council of Ministers agreed to double the funds' resources by 1993 and redistribute resources in favour of poorer Member States. This framework has already been approved and by the end of 1988 the implementing mechanism will also have been adopted. A kind of "Marshall Plan" for European economic development will therefore exist and the European Commission will have considerable financial leeway in future years to implement an effective development policy.

The new principles governing the funds' activities were, Mr Vignon declared, partly inspired by critical analysis of the success of local level initiatives in the United States in the seventies and eighties. This success was mirrored in certain areas of Europe, but by no means all. The Commission has identified and analysed success stories to generate impetus for reform of the funds. One major feature of the reform will be increased reliance upon the local input. The three main principles will henceforth be development, programming and integration. Integrated programmes will dominate. It is not a question of favouring one level, whether local, regional or national, but rather of integrating all the different levels.

In most cases, the starting point will henceforth no longer be a list of EC-defined proposals but rather multi-annual programmes developed at the relevant local level, by regional or local authorities. Naturally, local suggestions will have to go through the central government, but an appeal will be made to the latter to stimulate the creation of bodies capable of producing sound development programmes, Mr Vignon declared. A bottom-up approach will therefore be encouraged.

Once the Commission has received proposals, it will attempt to define the relevant partnership for implementation of such programmes. It will be looking for structural development programmes applying to the poorer areas of the Community, industrial reconversion and rural development programmes. Cross-border programmes will also be possible.

Part of this new approach envisages greater circulation of know-how within the Community's areas - both rich and poor. It is hoped, he concluded, that this "new thinking" will lead to action in a more profitable manner for the good of Europe as a whole.

The European Community: Development Instigator or Finance "Circulator"?

Paolo Garonna
University of Padua
Italy

Professor Paolo Garonna (University of Padua, Italy) commented upon local perception of the European Community and the success attained by the latter from a local development viewpoint. While not overtly pessimistic, he suggested that the Community was seen primarily as a source of finance and moreover as an inadequate one at that. At present, he declared, the EC often circulates money, paying for policies which would be implemented nationally in any event. As a consequence, EC funding frequently simply replicates the deficiencies of the national system, particularly since it is difficult to make funding criteria flexible enough to adopt a true developmental support role. Rigid procedures can act as a barrier when networking of efforts and investments is required. In addition, it is difficult to re-distribute resources from the rich to the poor, or from the national to local levels, when a suitable fiscal environment is lacking.

One of the lessons to be learned from the LEDA Programme is therefore that the EC should strive to move away from the role of finance circulator and attempt more to attain that of development instigator. The Community can play the role of a catalyst, sustaining and activating local initiatives. Secondly, it can provide the necessary framework for networking of information and expertise. Finally, it can inject a European dimension into local efforts, thus perhaps broadening their viewpoint in what might prove to be a vital manner in the internal market context.

The greatest success of the LEDA Programme has been, Professor Garonna concluded, the fact that it has shed light on the role which the European Community can successfully play in the local development process.

Making the Most of the Resources on Offer

Derrick Johnstone
The Planning Exchange
Glasgow
U.K.

The effectiveness of EC intervention depends in part on how efficiently local actors use EC and national level resources, Derrick Johnstone from The Planning Exchange (Glasgow, UK), asserted.

This efficiency depends to a large extent upon the skill and know-how of local actors, on how well they "sell" or how ingeniously they package their initiative, thus improving their chances of access to funding. Information on available resources and on what they are available for is thus essential. Too often Community funding is seen as a pot of gold waiting to be found, Mr Johnstone remarked. As the concept of financial "leverage" (exploiting private sector finance for local development) becomes more prevalent, local actors must become more astute in presenting their case.

Coming back to the EC source, the new approach of integrated programmes applied for the structural funds will require new vehicles for the channelling of finance, Mr Johnstone stated. The efficiency of local initiatives is often impaired by the manner in which funding is made available. Often there is a lack of local flexibility in large-scale programmes. Lack of financial continuity can also impair efficiency. A programmed EC approach will offer more continuity but, Mr Johnstone asked, "will flexibility requirements also be satisfied?"

In conclusion, then, local protagonists require more information and more technical assistance to be able to help themselves and make efficient use of funding resources available.

In response to these various comments, Mr Vignon made a number of points. First of all, he pointed out that the switch from individual projects to integrated programmes should improve the rapidity of fund disbursement, for the assessment workload will be much lighter. Computerisation will also speed the process. The operational capacity of the funds should therefore be much greater.

In addition, the new approach should allow for better adaptation to the local situation, because responsibility for assuring correct action will be delegated to local actors. However, the Community cannot succeed alone in improving flexibility, Mr Vignon felt. This also depended on the Member States taking up the challenge of decentralisation.

Finally, although the Commission will to a large extent delegate the powers of selection, a more stringent assessment procedure will be developed to ensure that funding is being correctly spent.

A great deal of the comment arising in this session dealt with the need to exploit existing resources efficiently, rather than continually multiplying them. Much emphasis was placed on the need for training and the circulation of know-how and on the usefulness of understanding the dynamics of local employment. Rather appropriately, therefore, the Conference ended with a presentation of the technical support which the European Community can provide to improve the environment for local employment development.

The LEDA Programme - Developing the "Software" of Local Development

Haris Martinos
LRDP London

The contribution which the LEDA Programme, launched by the Commission of the European Communities in 1986, is making to the process of local development was outlined by Haris Martinos (LRDP London). The fact that know-how was an important component of local employment creation was a theme which permeated the entire conference. LEDA aims to improve the flow of know-how and ease its use as a local development tool by local economy protagonists. It can thus be said to produce the "software", complementing the more "hardware" or financial support offered by the Community in other domains.

LEDA basically has three aims. It seeks to generate know-how on the basis of good practice; to disseminate this to both local actors and to EC and national policy-makers; and finally to assist participants to make use of this know-how. It has operated since its creation by the identification and study of pilot areas. The number of areas coming under the LEDA umbrella has recently been extended to 24 and the information network is to spread further through development of "associate" areas and through links with Elise - the European information exchange network on local initiatives. The Programme organises study visits, exchanges, conferences and other such activities. International workshops, which offer a forum for the dissemination of relevant information,

are considered to be especially important. The Programme has set its sights upon all the partners sharing the "common locus" of the local economy, thereby including Community and national agents.

One example of how know-how collected can be constructively put to use is given by local collaborative projects, where the Community can directly provide expert advice to new initiatives, thus maximising their potential, stimulating the mobilisation of local resources and creating conditions for the realisation of bigger initiatives and for the better use of EC funds.

Finally, Mr Martinos outlined some of the areas of know-how currently being appraised. One of the most important of these, particularly in the context of the 1992 single market, is research into the linkages between the local and international economy. The fostering of specific tools in order to make better use of existing resources is another significant technique. Local areas must be in a position to define strategic objectives for the local economy, Mr Martinos declared. They must be able to target the local economy on strong-potential areas of the national or international economy. There must be understanding of the conditions which generate innovation in order to achieve what Mr Martinos termed a "critical mass" of projects. This involves improving infrastructure, generating entrepreneurial attitudes and upgrading business skills. Support for spontaneous activities and generation of synergy which could give rise to them are indispensable.

Which Know-How for Local Development?

Manfred Kaiser
Institute for Labour Market and Occupational Research
F.R. of Germany

Dr. Manfred Kaiser (Institute for Labour Market and Occupational Research, Nürnberg) commented in a written statement that in the course of the conference and in the presentation of the LEDA Programme in particular a lot had been said on the "know-how" necessary for local development. Indeed, there are a number of questions relating to the type of know-how required and the way in which such know-how can be acquired.

Although people involved in local development must have knowledge of the cultural, social, economic, technical and organisational context, "generic skills" are probably as important. By "generic skills" he means the capability to fill in different positions or play various roles at the same time and to cope with a sequence of mostly unforeseeable changes and requirements. Such skills are not only required from decision-makers, but also from people working in funding or counselling bodies or from people simply participating in local initiatives. Of course, skills are different from one group to another.

Nevertheless, the long lists of generic skills presented by Dr. Kaiser clearly indicate that they go much beyond the skills traditionally taught.

Development Centers on People

William Schweke
Corporation for Enterprise Development
Washington, D.C., USA

The American experience with local employment development seems to support Dr. Kaiser's view, as is suggested by a paper by William Schweke from the Corporation for Enterprise Development (Washington, United States of America) which, as with Dr. Kaiser's paper, could not be presented at the conference itself. Since development, at its core, centres on people, capacity building, leadership development and citizen participation have to be placed at the heart of economic development. In such a perspective, Mr Schweke writes, "fostering development is not a technocratic exercise, instead, it is much more akin to a political and entrepreneurial art. It involves assembling and developing the know-how for social change".

Thus, besides the know-how of the right tools, successful development strategies require what Mr Schweke called "strategic know-how", "organizational know-how" and "citizen know-how". By "strategic know-how" he means the capability of a community to develop strategies that fit its real opportunities, potential and constraints. "Organizational know-how" comprises the faculty of the public, private and non-profit sectors to productively work together and to act in an entrepreneurial manner. By "citizen know-how" he not only means a broad-based understanding of the process of change and community development plans but also enterprising skills which keep people staying competitive in a changing world. "Citizen know-how" can be enhanced by an early and broad-based participation in designing development initiatives, as it is a signal to the community that the development process is about everybody in the community and that all have something to contribute.

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Closing Remarks

John Morley
Head of Employment and labour market policy division, DGV, Commission of the EC

John Morley (Head of Employment and labour market policy division, DGV, Commission of the EC) closed the Conference and thanked the participants for their active participation.

He apologised for the lack of time available for discussion because of the very full agenda, but promised Government representatives that further time would be available for discussions at the meeting of the Directors-General of Employment, scheduled for October 1988.

Mr Morley also informed the Conference that the Commission intended to submit its first conclusions from the LEDA Programme to the Council of Ministers in the coming months and to continue the LEDA Programme into 1989.

ANNEXES

A series of LEDA workshops were held prior to the Conference. They were attended by local actors from the LEDA areas and experts. The key points of this workshops were reported by the rapporteurs (Aubert, Aitken, Vazquez-Barquero) at the Conference. The following summaries have been prepared by the rapporteurs and edited by LRDP.

Local Innovation and Employment Development

Conclusions of the LEDA workshop held in Aalborg, 4-8 May 1988

by Jean-Eric Aubert
Directorate for Science, Technology and Industry,
OECD, Paris

1. Introduction

Local economies are strongly affected by rapid technical change and fierce international competition. In the face of these challenges, the traditional policies promoting industrial development have been shown to have severe limitations. As a result, there is now a general trend in favour of policies to promote innovation and the spread of technology at both regional and local levels.

The purpose of the meeting was to examine employment development strategies based on the promotion of innovation and transfer of technology, by drawing on examples provided by areas in the LEDA Programme: Aalborg in North Jutland, Denmark (which hosted the meeting), the mid-West of Ireland, Hamburg in West Germany, Nottingham in the United Kingdom, Ravenna in Italy and Tilburg in The Netherlands.

This paper summarises the conclusions of the meeting for the use of public authorities and other actors involved at different levels: local, regional, national and international (European Community).

The following points are discussed below:
- the basic components of innovation policies and programmes (2);
- the importance of making human contexts receptive to innovation and ways of achieving this (3);
- employment expectations (4);
- the structure of sucessful projects (5);
- monitoring and evaluation (6);

2. The policies

Two general features characterise local innovation policies:
- they provide support to entrepreneurs who are the main source of wealth and jobs, and who are the key generators of economic dynamism and renewal;
- they develop increased awareness and knowledge in the form of research, training and information which in turn are the key ingredients in the new form of "brain intensive" economic development.

These two aspects tend to be concentrated into new technology "zones": science parks, advanced technology centres, innovation and business centres, etc.

These "zones" include three basic components:
- common services such as product design workshops, testing facilities, financial and accounting services, etc;
- a system of financial assistance with the availability of public money and/or venture capital for innovation and research and development;
- accomodation in which new entrepreneurs can establish their firm.

The size and sophistication of these sites depend on the available resources, both human and financial. Complementing these "hard" visible investments, most programmes also develop "softer" less visible aspects such as inter-company networks, co-operation between university and industry, enterprise workshops, etc.

3. Receptiveness to innovation

A key lesson raised by the meeting was that the successful development or use of technology requiries a receptive attitude on the part of both individuals and society at large. A primary task for innovation policy is to create this receptiveness and there are many approaches to this task:

* The Danish experience (Nordtek Programme) which focussed on the concept of linkage - between training institutions, between different sectors, notably around marine activities, and between enterprises in an individual sector (eg furniture).

* The Irish experience which emphasised the need for creating a common language between different groups - entrepreneurs, academics,bureaucrats - who tend to communicate best through informal networks.

* The British experience which aimed to provide co-ordinated support services for inventors and budding entrepreneurs, thereby offering opportunities to anyone with an idea.

* The German experience which illustrated the importance of supporting projects with a demonstrable effect on the communities concerned, and thus to start supporting well motivated entrepreneurs and projects with good market prospects.

In a similar vein, at the level of the individual firm, the Italian experience underlined the need to nurture educational and organisational factors which are the key to efficient technological development. Innovations should, therefore, be taken in a broad sense to include all these dimensions which are largely based on human resources.

The logic of starting with people rather than technology was pushed furthest by the Dutch project presented to the meeting. With a view to job creation, the project trained unemployed university graduates and then placed them in firms to stimulate the development of new technological ideas for use by these companies.

4. Employment expectations

It was agreed that local innovation policies cannot have a significant short term economic and employment impact. Ten to fifteen years of sustained effort are generally required. In the first three to five years, people must be won over and convinced of the validity of the project, and the appropriate organisations and networks must be established. A similar length of time is required to reach a critical mass of suitable projects, competent people and dynamic enterprises. It takes a further three to five years to establish a self-sustained process generating economic growth, wealth and jobs.

Unfortunately, this period is too long for politicians who always seek quick results to satisfy their electorates. Nor do innovation policies offer a solution to traditional sectors in the midst of a crisis - eg shipyards, steelworks, etc. Only a few people displaced by such closures can be re-employed in the new industries as the new technology requires different skills, new corporate cultures and so on. Long term vision and advanced planning are therefore essential prerequisites.

However, when these policies are given strong backing and the effort is sustained over time, they can bear very fruitful results, even in the most deprived areas. A striking example is the Mid-West of Ireland, Shannon and Limerick. An innovation policy has been actively supported there since the early seventies and has resulted in faster development in the area than in the rest of the country.

5. The structure of successful projects.

The background note prepared for the meeting listed a series of key characteristics of successful projects:

a) There should be a clear development project actively supported by the local authorities. This project can be well targeted by, for example, developing a free airport zone and building up a science park or a new industrial zone. The overall project does not have to be so clearly defined - for example, the aim can be to regenerate a given area - but the project should focus on supporting the creation of enterprises or on attracting entrepreneurs and new technology-based firms.

b) The project should be run by a small group of people, led by a key person with good connections both with the upper echelons of central

government and with local groups - entrepreneurs, bankers and academics.

c) The area should have good transport and telecommunication infrastructures, and preferably, an easily accessible airport.

d) The area should have good training institutions which do not need to have university status; if there are no such facilities, their establishment in the course of the project is a prerequisite of success.

e) There should be a clearly identifiable organisation within the area to take responsibility for the development project. This organisation, even if it only channels state money into the area, should be autonomous. It must be allowed to use its funds flexibly.

f) This organisation should operate, at least in part, as a trading organisation under normal economic constraints - for example, by reselling pieces of land when developing a science park, by obtaining consultancy fees when providing services to business etc. This is vital in developing a business-oriented frame of mind.

g) In successful areas, the funds directly provided by this organisation are used to lever out ten times larger funds from other sources, such as public institutions, private industry, and national agencies for local economic development.

From this analysis, it can be seen that success seems to depend more on the process by which the development or innovation policy is conducted than on its precise content or substance.

Several general institutional aspects deserve highlighting:

* The need to transcend abstract ideological debates between economic liberalism and interventionism: as shown above, success depends on a good partnership between the private and public sectors, and well-structured organisations, functioning with autonomy and operating, at least partly, within private sector criteria.

* The need for decentralisation: a number of countries have been affected by over-centralisation and by too rigid bureaucracy, leading to a lack of flexibility and responsiveness. To be efficient, innovation policies at a local level should be run on a decentralised basis, with decisions over administration and finance being taken locally. The "centre" should act as a regulator, working to avoid wasteful competition and lack of communication between regions, and isolation of particular regions.

* The need for co-ordination between different administrative bodies: there is usually strong compartmentalisation - at a local level as well as at central level - between regions, and isolation of particular regions.

* The need to think globally, while acting locally: those promoting the area should organise contacts with foreign countries through visits abroad and international conferences, and be prepared to find out about international competition and industry etc.

6. Monitoring and evaluation.

Authorities supporting and funding regional innovation policies need criteria for assessing appropriate projects. The list provided above gave preliminary indicators. These parameters are all important, but are rarely all present in the

initial stages. Authorities should help in establishing appropriate organisations, finding key personnel, stimulating key groups and so on.

As indicated above, in the early stages, innovation policy schemes should be assessed with regard to their contribution to the improvement of the social and human context, co-operation between people and institutions, information exchange in the light of experience, skills development and so on. There are, however, hardly any precise quantitative indicators to measure progress and achievement, particularly in the early stages. Economic data such as the number of new jobs and firms created can only be used after the project has been running for several years.

There is a high rate of failure in schemes supporting innovation. For instance, it is usual that no more than one third of entrepreneurs benefitting from financial support to develop a project or establish an enterprise are successful. The rest collapse in the first few years or do not "take off". Failures are an essential part of the learning process and should not be a source of stigma.

In a similar vein in relation to new technology zones, studies of business and innovation centres show that very few have reached the break even point. Out of some seventy science parks created over the past 25 years in the US, less than 10 per cent are considered to have been unmitigated successes. In any event, it is essential to gather adequate data to monitor experiences. At the meeting, few of those present had adequate documentation about their own areas.

The usefulness of continuous self-assessment, as experienced in the Italian areas, was also stressed by the meeting. Regular conferences are organised to air different views, examine alternative approaches, and compare results.

The importance of international exposure was also emphasised. The LEDA Programme constitutes, from this point of view, a unique vehicle for exchanging experience regularly. Links can also be established with specific groups such as the European Business and Innovation Centre Network supported by the EC. International expertise and reviews such as those made by the OECD, provide additional insights and stimulus.

Local Employment Development in Rural and Less Developed Areas.

Conclusions of the Workshop held in Brussels, 26-27 May, 1988

by Prof. Antonio Vazquez-Barquero
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1. Introduction

The workshop reviewed the fundamental problems affecting less developed areas in member countries, discussed the broad directions of local development strategies, and sectoral possibilities for employment development in different types of areas, and examined instruments for the solution of problems in rural areas.

The workshop was attended by representatives from North Alentejo, Shannon, Baronnies, Sitia, Connemara, Chaves, as well as representatives of the European Commission and experts in the field of local employment development in rural areas from many European countries.

The presentations and discussions were concerned with endogenous development models, experiences, and strategies. Many local communities in the European Community have, in the last decade, initiated their own approaches to the problems of unemployment, and to economic and employment development. The broad focus of the workshop was on the way local communities mobilised local or externally injected resources in order to develop solutions to problems of unemployment, and to improve the standards of living in the local communities.

2. Problems and weaknesses.

Some of the problems and weaknesses common to many rural and less developed areas were identified: low population density, ageing population, emigration, low skills, productive systems (mainly agriculture, crafts and small industries) with low levels of productivity and narrow markets, dependence on

welfare or migrants transfer payments, lack of entrepreneurial capacity, low standards in basic services, remoteness and poor accessibility.

Strengths

Some strengths or potential strengths of these areas were also identified; human resources (especially young people and the female labour force) are underutilised, and financial resources may exist but may be channelled outside the area; often there is a strong and profound sense both of local identify and pride in the local culture and traditions; in some places an important historic, cultural and ecological heritage exists; and some local goods and services could, if differentiated, have a comparative advantage in the market.

It was clear from the workshop that the sum of weaknesses and strengths differs from one locality to another. Each local economy and society has its own characteristics and interests, since it is the cumulative result of different layers of productive activity. Therefore, local development policies should be designed and implemented differently, according to the characteristics of the area, and, in any case, with respect to the type of productive restructuring they need. The local community and the local managers should decide as to the final aims and principles of the strategy and policies. Independent research teams could help them diagnose the local economy, and make proposals for solutions.

Prerequisites for the success of local employment development in rural areas.

A local development strategy cannot only take the local context into account, as was shown by the cases presented at the workshop. It was suggested that the analysis of the rural problems and the aims and measures of any local employment development strategy must be designed within the context of the new national and international division of labour. The restructuring issue is a global problem that has an important impact and effect on local economies. Furthermore, the formation of the Single European Market (1992) and the reforms of CAP (Common Agricultural Policy) are already affecting the restructuring process in the EC countries, and in the future it seems it will increase its unequal territorial impact.

From the range of cases presented at the workshop, it emerged that local strategies and initiatives are not always appropriate for solving rural problems, and that, in some areas they have an uncertain future. Very weak areas will probably be unable to pursue a developmental approach. One can, however, point to a number of preconditions for the success of local employment development strategies in any particular local community, especially those which can call upon existing strengths and resources, above all, their human potential and "synergetic" factors and conditions such as a strong common identity. An additional fundamental factor for development is a minimum level of skill within the population. A successful combination of training and education is essential in helping to create or stimulate the economic, cultural and psychological background necessary for the development of local employment strategies or initiatives.

Aside from local constraints, other obstacles in the formulation and implementation of local development strategies are related to the lack of local (national and/or EEC) programmes, to which the actions of the local/regional public agents can be linked. However, it was felt that Member States and the Community could and should play an important role in the formulation and implementation of local development policy by favouring regulation mechanisms that facilitate the functioning of the local productive systems and

by better coordination between national/international levels. In any case, the endogenous local development processes demand the combined action of the public and private agents and institutions in each stage of the policy formulation process; and new mechanisms of coordination must be found.

The nature of the integration of the local economy in the national and international market was the object of many interventions and suggestions at the Workshop. Three features were highlighted as being important for the process of integration: low wages, technological development and the use of the informal economy during the restructuring and adjustment process. The black economy could be understood as an informal subsidy for rural areas. In any case, it seems that self-sufficiency and isolation is not a key for the solution of local problems. Nevertheless, it would be advantageous to pay more attention to the local and regional markets in order to obtain maximum benefit from their potential and create the foundations for operating in larger markets.

3. Elements of a strategy for local employment development in less developed areas.

One important policy issue for local development strategy that emerged was the improvement of local human resources. Experiences in the largely rural areas of Shannon in Ireland suggest that policy in this areas should be local, simple, and comprehensive. Some key elements should characterise policies to develop an area's human potential; such policies should pay particular attention to existing and potential resources and cultural development (entrepreneurial, market and economic aspects included); training programmes must be created and designed for specific jobs; and the training and education methods should be devised in an innovative way, avoiding the formality of traditional institutions. Shannon's industrial development strategy, with its emphasis on attracting inward investment, developing small and medium enterprises, and introducing new technologies to the area has relied on the creation in the locality of the National Institute of Higher Education, and this has played a major role in the development of local skills and potential.

In order to restructure local economies, a necessary condition is to design and implement a new production strategy. Some fundamental principles were put forward. Increasing the value added locally seems to be an important aim, and new technology can be useful in achieving this aim. In addition, it seems a necessary condition for improving local development to stimulate the modernisation of traditional crops (new agricultural products), the differentiation of goods and services (tourism included), and to create new products. Connemara in Ireland provided an example of an attempt to modernise and diversify the traditional economy through the introduction of fish-farming, and similarly, the efforts to commercialise the traditional production of aromatic plants in Baronnies (France). Aims to retain and train the local labour force in relevant skills, or to attract technicians and to harness the potential of returning migrants, could help to overcome some of the local problems. The active involvement of local or neighbouring universities (as in the case of Connemara) is a valuable resource in this respect.

Baronnies provided an example of an attempt to achieve these various objectives: under the auspices of an intermunicipal development association, a key local programme has been set up with the dual objective of maintaining and modernising agricultural activities. Efforts have been made to commercialise traditional aromatic plants, to develop rural tourism, and above all to assist young people to set up in farming, by providing technical assistance and training, and thereby creating incentives for them to stay in the area. This case provided a good example for a widely made point, namely that

integrated approaches stood the greatest chance of tackling the complex and interrelated social and productive problems of rural and peripheral areas. This was a point also underlined by the experience of North Alentejo in its efforts towards creating the integrated regional development programme (PIDR).

In addition, rural tourism was highlighted as a strategic sector for local employment development. New forms of tourism on a smaller scale (eg catering to more specialised historical, environmental or sporting interests) could help to overcome the considerable problems that mass tourism had caused or aggravated in some countries. Sitia was a case in point. Since the late 1970s Sitia has sought a multidimensional development strategy and has tried to avoid the experience of neighbouring areas which have become overdependent on mass tourism, which exacerbates endemic problems such as seasonal unemployment and the abandonment of farming and mountain villages. The rural tourism approach should be based on the differentiation of tourist services and should take into account the impact on demand in the crafts sector as well as other new services in the locality. However, as in the case of Sitia, it was emphasised that rural tourism ought to be considered complementary to other activities within a local development strategy. This point emerged clearly also in the case of North Alentejo which is seeking to develop its tourism potential within the context of an integrated development operation.

Furthermore, it was reiterated that infrastructure and communications policies had to play a major role within any local employment development strategy in order to overcome the remoteness syndrome, to improve links between the local economy and the international network system, and to facilitate the flow of information as well as services. This was a point that was underlined in many presentations.

The implementation of local development strategies requires the coordination of all actions through commitments that give coherence and feasibility to the actions of the public and private agents. The creation of an agency for the management of local economic development programmes, in which all the actors directly intervening in the implementation are present, had proved to be very helpful in some of the cases presented (ie Shannon, Baronnies, Sitia). However, it was pointed out that when a multifunctional agency was created, objectives had to be clearly identified in order to reconcile the possible conflicts, and the questions of power and political influence must be treated very carefully.

Finally, assessment and monitoring of local employment development experiences, initiatives and policies was seen by many of the participants as a necessary condition for the improvement of the approach. However, not enough is happening in this direction. There is also a massive need for information/know-how/exchange of experience to foster a truly "learning process".

Local Employment Development in Urban Areas : The Role of Development Agencies

Conclusions of the LEDA Workshop held at Barcelona, 9-11 June, 1988

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1. Preface

The study visit and workshop focused on specially-created organisations or agencies which co-ordinate and promote economic development and employment creation in urban areas. The objectives of the study visit and workshop were :

- to allow development agencies in areas participating in the LEDA programme to exchange experience and to discuss the results of their projects;

- to assist the EC and the Member States in adapting their policies on training, employment, and regional development to take account of local development organisations, and to reinforce co-operation.

2. Introduction

The workshop was attended by delegates from Barcelona, Tilburg, Dundee, Shannon, Genk, Hamburg, Ravenna, Le Bruaysis, Storström as well as representatives of the Commission of the European Communities, the employment service of the French Government and experts. A brief paper was given on the work of INEM (the Spanish national manpower agency) in the Barcelona area. Presentations were also given by three agencies of the Municipal Authority in Barcelona: the Ponencia per al Desenvolupament Economic i Social (PDES); Barcelona Activa SA which has developed a business incubator complex; and Iniciatives SA, a venture capital organisation. Finally, the programme included a visit and briefing by the local development company at Terrassa in the outskirts of Barcelona.

The presentations ranged from single-function agencies working in a city or locality such as those from Tilburg (BKW) and Hamburg (Lawaetz Foundation) to multi-functional regional bodies such as Shannon Development. The staff of the agencies ranged from 240 in Shannon Development to just four in the BKW (small firms agency) in Tilburg. Budgets covered an even wider range, particularly when the ability to attract private finance was included.

Organisational structures differed dramatically, too: there were limited liability companies such as Iniciatives SA which, despite being wholly owned by the Barcelona City Council, was sufficiently autonomous to be considering a listing on the stock market in the early 1990s; Terrassa Municipal, a mixed public/private company; semi-autonomous bodies created by public authorities which included the Lawaetz Foundation, BKW in Tilburg and Ravenna Lavoro; departments or units within a local authority - as in Aalborg, Nottingham and Barcelona (Ponencia); and inter-municipal bodies such as the Syndicat Intercommunal pour la Formation in Le Bruaysis.

3. Role and operation of local development agencies

Changing Organisations - New Organisations

There has been a shift in the range of activities and the mode of operation of existing agencies and public authorities. Shannon Development, for example, has changed its role over its thirty years of operation. Most recently, at the instigation of the Irish Government, new responsibilities on tourism and industry have been given to the agency. In the case of Nottingham City Council, the authority has had to alter its mode of working to take account of the activities of a central government funded Task Force which was set up in the area. Internally, too, the City's economic development unit has been reorganised.

In Genk, the municipality has adapted its structure to work with the provincial and regional authorities to prepare and implement an EC-backed Integrated Development Operation (IDO) for Limburg. During the preparation it became clear that the Commission's view of the priorities and focus of the IDO have not always concurred with the local agencies' own specific interests. This was the case with the proposed social and cultural training projects submitted as part of the European Social Fund element of the IDO. The Commission has imposed its perspective of the content of the programme and the nature of the links between the various participants.

However, in many other cases the creation of a new agency has been preferred. In Ravenna, the various local organisations have decided to work together to promote new initiatives through the establishment of a new agency - ASE. This agency involves 17 municipalities, the Ravenna Provincial administration, 12 trade and craft associations, credit institutions and the Ravenna Port Authority. In Terrassa, the development company was established in 1985 by several municipalities. In Le Bruaysis, the syndicat was set up by six municipalities in 1985. There have also been many new agencies created by a single sponsor, such as BKW in Tilburg, Barcelona Activa in Barcelona and the Lawaetz Foundation in Hamburg.

Resources

The agencies also differed widely on this point. Iniciatives S.A. stood out because it had the power to identify opportunities in property, infrastructure or other investments, and participate in them through an equity stake. The staging of the Olympic Games in Barcelona in 1992 has created an opportunity for investment in the city and Iniciatives was attempting to obtain some of the economic benefit for the authority and channel it into other programmes. The SDA-Dundee Project, a partnership between the Scottish Development Agency and other public and private bodies, is able to commit substantial financial resources from its own budget, and has similar (though smaller) financial commitments for a period of several years from its local government partners.

Increasingly the emphasis is on attracting private sector support. Similarly to Iniciatives, the Dundee Project has a major project to attract private investment: the Waterfront scheme which is involving the redevelopment of a prime site for commercial, tourism and leisure use. There has been a change in the image of Dundee, making it a good place to invest. In a similar vein, Prointesa has used its joint private and public status to attract private investment and it, too, has placed considerable emphasis on promoting the best image of Terrassa.

However, many agencies continue to rely mainly or exclusively on support from the public sector. Both Barcelona Ponencia and Activa bid for funds from within the authority as well as from national government agencies such as INEM and from the European Social Fund (ESF). Similarly BKW (Tilburg) has made use of ESF resources in its training initiatives. Shannon Development relies primarily on state finance, although it generates income from its activities.

Functions

The group of agencies considered cover a wide diversity of roles. Two of the bodies, the Syndicat Intercommunal in Bruaysis and Shannon Development, were gradually becoming multi-functional organisations. In the case of Shannon, there had been a shift from promoting the development of the airport and adjacent free-zone to a wider developmental role in the region.

Several other agencies had a single function, for instance the Lawaetz Foundation in Hamburg, founded in 1986 to promote local employment initiatives through financial and consultancy services. An interesting comparison is Prointesa and Iniciatives S.A., both of which have a function to promote investment in their localities: Prointesa uses its private/public status to attract investment, while Iniciatives S.A. actively identifies investment opportunities and participates in companies through a minority equity stake.

A distinction can also be made in terms of an agency's role in policy development and implementation. The Barcelona agencies and initiatives are spread along the policy/implementation axis. Barcelona Activa concentrates on providing workspaces while Ponencia deals with policy and coordination, attempts to draw in funds from INEM and the European Social Fund and delegates implementation to community-based groups. The SDA-Dundee and Shannon Development undertake both roles. The BKW in Tilburg concentrates on the implementation of the small business policy of the Municipality.

Monitoring and Evaluation

The workshop demonstrated that much work remained to be done in the area of monitoring and evaluation and even in establishing common measures of performance. The most comprehensive assessment of a programme of activities had been undertaken by the SDA-Dundee Project. This was carried out by the UK Government as part of a wider review of the SDA.

The need for accountability is in some cases an element of evalutation. Shannon Development is under increasing pressure from national government to become more critical of its own activities and to monitor achievements against annual, financial and other targets. BKW (Tilburg) was subject to scrutiny by the municipality on at least annual basis. Barcelona Activa was working to a business plan and aiming to break even by 1992. In Genk the objectives, targets, monitoring and evaluation measures are part of the process of preparing the IDO programme for the Limburg Province. The workshop agreed that provision for monitoring and evalutation needs to be built in from the start of any agency or programme.

4. Discussion points

Discussions on the reasons for setting up new agencies, on models of organisation, and on relationships between development agencies and their sponsors and clients have highlighted a number of crucial points.

Local economic and employment development relies on mobilising a great number of local actors and on tapping both local and external resources from the public and private sectors. These new partnerships, new activities and new roles very often need an institutional expression and this is achieved through the creation of local development agencies. In other words these bodies are both the consequence of the new forces and relationships at work in the local economy and an essential vehicle, in terms of organisational capacity and expertise, for achieving the aims of the new formal or informal partnerships.

The justification for establishing new agencies in the context of inter-organisational co-operation and new links in the public and private sector is generally accepted, especially in larger urban areas with complex institutional patterns. However, this is less obvious in the case of new agencies created by a public authority which already operates in the area. The debate on "institutional engineering" versus adaptability is particularly sharply focussed on whether economic development is best undertaken by an existing public authority or by a separate agency. There are several advantages of a separate agency, including:

- existing public authorities, particularly local government, may not have the appropriate powers and resources to help local business. A separate agency can be promoted independently of the public authority. This is vital in presenting its image to the private sector and offers greater scope for attracting private finance for partnership projects;
- dealing with the business sector requires a level of speed and flexibility which public bodies may find difficult to reach. Also, a separate agency can avoid the inevitable conflicts of objectives or political "interference" inherent in the nature of public bodies;
- agencies may find it easier to take decisions to charge clients for services, to withdraw funding or to collect debts than a public authority worried about political repercussions;
- the staff of a separate agency are likely to be highly motivated and identify better with their client groups. Indeed, it may be easier for a separate agency to attract staff with business or technical skills. More flexible recruitment policies and working conditions are possible.

Much of this list is about how agencies can behave in a more entrepreneurial manner than most public authorities can do. However, some authorities have managed to move into new areas of activity without setting up separate bodies. There are several reasons:

- the existing authorities can adapt their structures to meet new priorities;
- there may be a strong political incentive for the authority to be seen running a scheme to promote local initiatives. Alternatively, the authority may want to devolve responsibility to existing community groups rather than creating a new agency ;
- the cost of a separate structure may not be justified.

Clearly, different solutions suit different areas but the discussions at the Workshop have pointed out that the creation of a new agency is not always a "must" for local development. Sometimes, the establishment of a new body is only a symbolic act by local politicians who want a highly visible response to problems of unemployment and enterprise development. In most cases, however, the creation of a new development agency means a new -more entrepreneurial- mode of operation and a much enhanced local capacity to mobilise local and national actors and implement new initiatives.

5. Conclusions

Local development agencies are an important characteristic of local economic and employment development. There is a proliferation of local agencies throughout the Community. In large cities like Barcelona and Hamburg, many such new organisations have been created in recent years. Although some doubt remain as to the justification for creating so many new bodies the overall effect is undoubtedly beneficial. They represent important "nodal" points in local networks and play a crucial role in mobilising their localities especially through their highly motivated personnel and close links with their client groups. They cumulatively create considerable new capacity in their areas, both in technical and managerial terms, for developing and implementing employment and other related projects.

These positive characteristics should be set against a number of weaknesses which affect a significant proportion of local development agencies. They often lack a strategic direction, a clear operating plan and specific targets, and there is hardly any evaluation of their effectiveness. Some agencies are still affected by gaps in their staffing and technical expertise. Funding uncertainties influence the way a great number of local agencies act and they are frequently criticised for abortive work and misdirected efforts.

Local development agencies differ widely in terms of resources and functions, including the degree of autonomy they enjoy vis-a-vis their sponsors. Many of them are still very new and lack a track record. It is therefore hard to generalise on all aspects of their operation and effectiveness. However, some policy conclusions have already emerged and these are set out below.

Policy implications

The main points to emerge from the Workshop concerning local policy-makers, sponsors and managers of local development agencies are:

- the need for setting clear and realistic objectives for these bodies, and for encouraging them to operate in a business-like way with proper operating plans and systematic evaluation;

- the need for local development agencies to play a wider role in their locality, to develop new links -also with other agencies operating in the area- and to utilise new sources of finance, especially a much greater involvement from the private sector.

There are also several points for action by national and Community policy-makers as a practical recognition of the important role that local agencies can play in the delivery of programmes backed by the EC or by Member States. These can be summarised as follows:

- promote capacity building measures in favour of local development agencies, especially:
    - financial assistance in the setting up and early stages of their operation;
    - management training courses;
    - hands-on advice and counselling on technical and managerial matters;
    - exchanges of information and expertise between local agencies.
- promote the participation of local development agencies in the preparation and implementation of regional/local programmes, especially by:
    - inviting in advance and supporting local agencies to prepare and propose locally emanating projects as part of the process of the formulation of action programmes;
    - developing a framework for contracting to local agencies the carrying of projects of sub-programmes as a "normal" implementation mechanism for EC backed programmes. Such a framework would need to specify, for instance, types of projects to be undertaken by "autonomous" local agencies, minimum capacity requirements for these bodies, standard contractual requirements (objectives, monitoring, timescheduling, method of payment).

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A PROGRAMME OF THE COMMISSION OF THE EUROPEAN COMMUNITIES, DIRECTORATE-GENERAL FOR EMPLOYMENT, SOCIAL AFFAIRS AND EDUCATION.

The Programme is undertaken on behalf of the Commission by Local and Regional Development Planning, in collaboration with the OECD's ILE Programme, and experts throughout the European Community

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LOCAL EMPLOYMENT DEVELOPMENT ACTION PROGRAMME

A EUROPEAN COMMUNITY PROGRAMME

69

Employment growth in the European Community has been slow for more than a decade, and over 16 million people in the European Community are out of work. How are different local areas in the EC tackling
– unemployment, and
– employment development?
How do local actions fit in with national and Community-wide policies?
LEDA is concerned with these issues.

WHAT is LEDA?

The **LEDA** Programme, launched in 1986 by the **Commission of the European Communities,** has explored strategies in local employment and economic development in 12 areas of high unemployment in the Member States. The Programme supports localities with expert advice and technical assistance. It complements other EC programmes which provide financial support.

WHAT are LEDA's aims?

The Programme seeks to:

- Promote employment growth and contribute to the development of solutions to the problems of unemployment;
- Achieve greater understanding of the operation of local labour markets;
- Develop approaches and techniques for more effective local employment development strategies for use by policy-makers and local actors;
- Disseminate information and promote an EC-wide exchange of expertise.

WHAT does LEDA do?

The **LEDA** Programme has:

- Undertaken **pilot projects** in high-unemployment areas:
  - declining industrial areas,
  - rural regions,
  - large urban areas,
  - mixed urban/rural regions.
- Produced **reports** analysing local approaches to local employment and economic development in the pilot project areas.
- Organised local consultation conferences and **workshops** and acted, in some cases, as a catalyst between the driving forces at local level.
- Contributed to the development of **good practice** and methods for the formulation, implementation, and evaluation of local employment development projects.

WHAT LEDA has found?

The first series of 12 pilot projects has shown that:

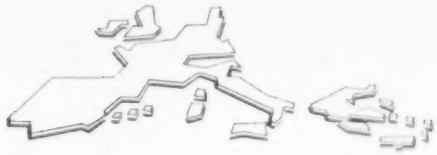
- Local actions work – they are widespread, well-established and substantial in scale.
- Local approaches to employment development are often:
  - innovative,
  - endogenous,
  - action-oriented,
  - flexible,
  - responsive to local needs.
- Success depends upon people – new partnerships among local actors have been established; national and local bodies have taken on new roles in local development; new organisations have emerged.
- Local approaches complement and support Community and Member State policy objectives to fight unemployment and develop employment.

LEDA – THE NEXT PHASE

REVIEW of employment development actions

Twelve new areas, representing a cross-section of employment problems and strategies in the European Community, have been selected to participate in the next phase of the **LEDA** Programme.

Local teams of researchers will collect information about these areas and their initiatives and strategies. Review reports will be produced on the basis of a dialogue with key local and regional organisations.
They will provide a basis for future employment development initiatives in these areas. They will also make an important input in developing similar actions in other areas in the Community.



SUPPORT for local collaborative projects

After this review work **LEDA** can offer "software" support to local collaborative projects in the 24 participating areas. This can take the form of expert advice, feasibility studies, preparatory/developmental research, visits to similar projects in other participating areas, and other forms of technical assistance.
The aim of these actions will be to support initiatives that will have a significant impact on local employment development.

NETWORK of participating areas

A number of areas with innovative experience in the field of local employment development will be welcomed into the Programme as "Associate Areas". Together with the 24 participating areas they will form a network, exchanging expertise and sharing information. Representatives of Associate Areas can participate in seminars and other activities of the **LEDA** Programme.

SEMINARS... workshops... study visits

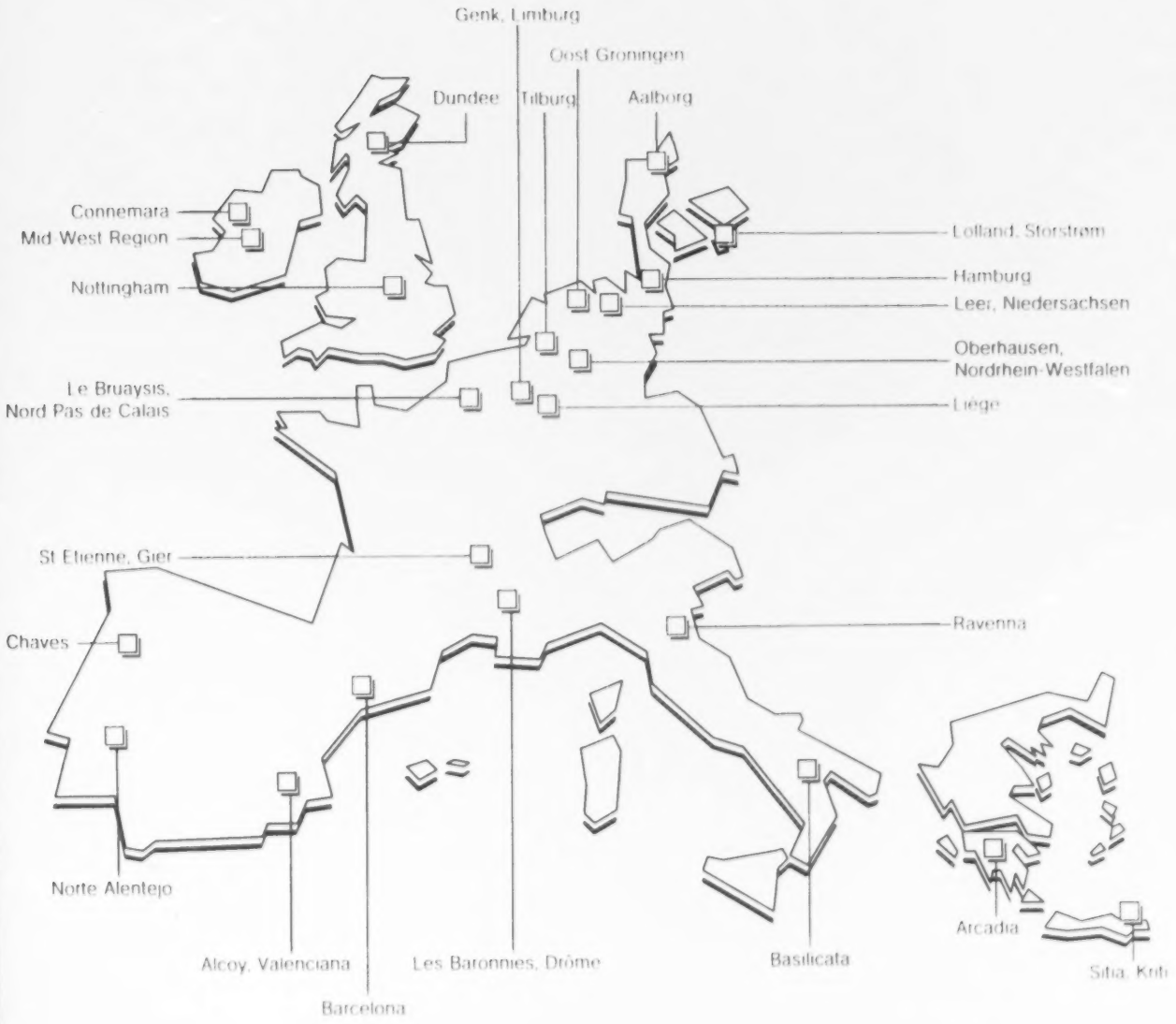
Representatives from participating areas will take part in
- exchange visits between pilot projects,
- local, national and international workshops on themes relevant to their needs.

These meetings will enable participants to make use of the Programme's expertise, and to contribute to the formulation of effective strategies in the field of local employment development.

REPORTS

Lessons learnt by the Programme will be widely disseminated in co-operation with ELISE – the European network of information exchange on local initiatives.
Three series of reports are planned:
- Policy Issues papers for EC and Member State policy-makers
- Technical Reports for local actors
- Information Notes.

PROJECT AREAS



PILOT PROJETS - FIRST SERIES ❑
- SECOND SERIES ❑

PREDOMINANTLY RURAL AREAS

These "peripheral" areas generally lack resources and are isolated from political and economic decisionmaking centres. They remain highly dependent on traditional farming, predominantly family concerns, and are struggling to adapt as markets for their produce disappear. This encourages emigration that is not stemmed by the creation of alternative activities often limited to seasonal tourism or limited in scope. Les Baronnies (France), North Alentejo and Chaves (Portugal), Arcadia and the Province of Sitia (Greece), Basilicate (Italy) and Connemara (Ireland) are in this category.

"MIXED" AREAS

Although agriculture still plays a key economic role in these areas, they are different from those in the previous category because high unemployment is also linked to the decline of other sectors, notably the agrifood industry and shipbuilding. They are therefore termed "mixed" areas. The Midwest Region (Ireland), the East Groningen District (Netherlands), the Leer District (Germany) and Lolland (Denmark) belong to this group.

DECLINING INDUSTRIAL AREAS

Several areas have been affected by declining traditional industries. They tend to be situated in the middle of the population range of the participating areas. Until recently, the economic activity of these areas had been concentrated in a particular industrial sector which has been hit by the economic crisis and by the need for restructuring. Examples include textiles in Tilburg (Netherlands) and Alcoy (Spain), mining in Genk (Belgium), Le Bruaysis (France) and St Etienne (France), the petrochemical industry in Ravenna (Italy), shipbuilding in Aalborg (Denmark) and Dundee (Scotland) and steel in Oberhausen (Germany).

DENSELY POPULATED URBAN AREAS

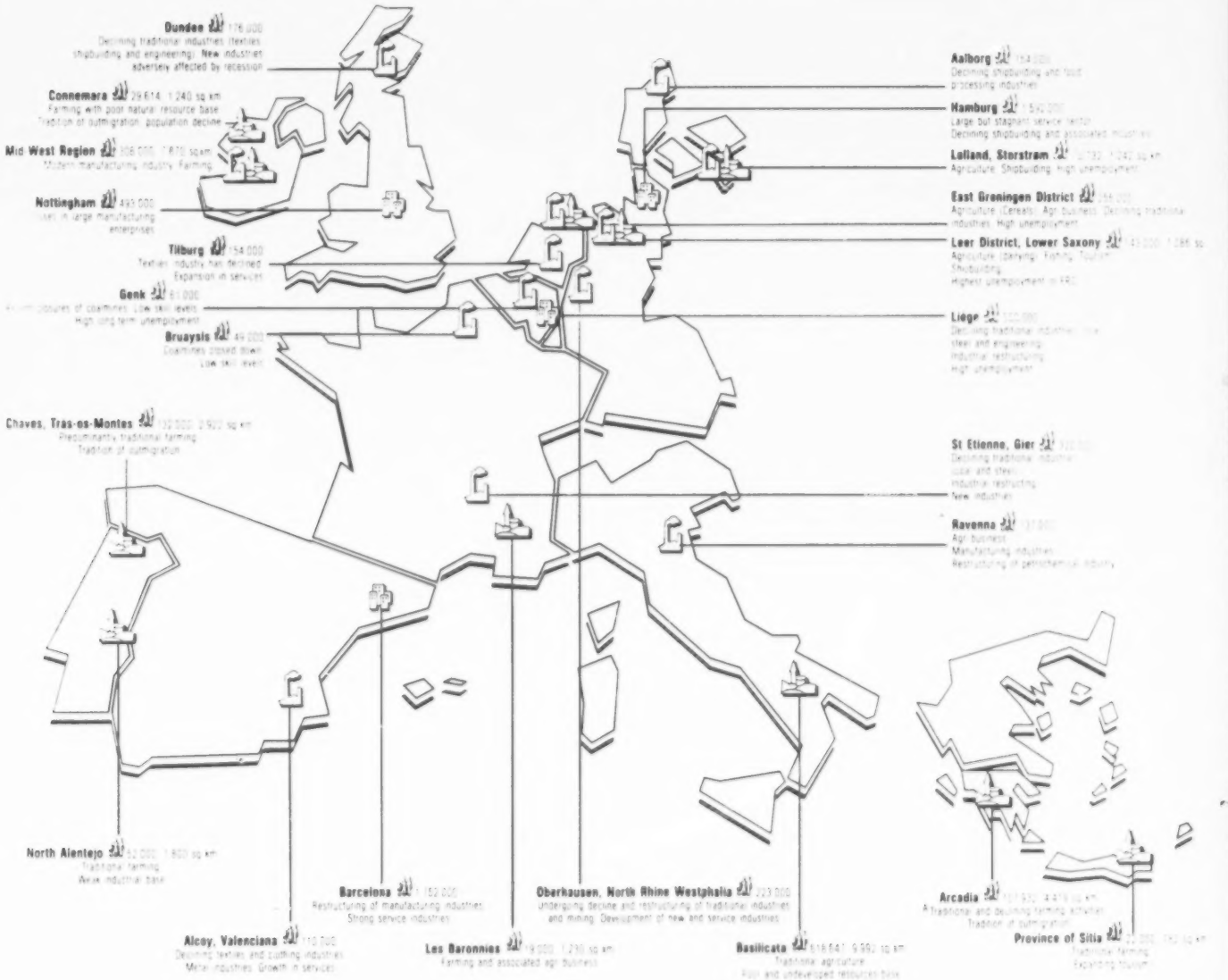
A highly concentrated urban population is the primary characteristic of these areas. This group includes cities with several hundred thousand inhabitants such as Barcelona, Hamburg, Nottingham and Liege, which exhibit all the facets of the employment crisis. They have a variety of economic activities and therefore suffer from a range of sectoral difficulties which can hit both manufacturing industry and the service sector. These are also areas where the number of existing local "actors" and initiatives may be very high.

The 24 areas participating in the LEDA Programme vary greatly in size of population and were chosen deliberately to cover all parts of the Community. Their most striking common characteristic is high unemployment. In all other aspects, they provide a varied cross section of the different areas in the Member States.

Once the results of the research began to be collated, it became clear that a distinction had to be made between different categories of employment and development problems in the participating areas. The areas were, therefore, divided into four groups and their features analysed separately. This made it easier to disseminate information. Naturally, the classification cannot be too rigid, as some areas show characteristics spanning different groups.

24 PILOT AREAS

SELECTION CRITERIA


Dundee
Declining traditional industries (textiles, shipbuilding and engineering). New industries adversely affected by recession
Connemara
Farming with poor natural resource base. Tradition of outmigration, population decline
Mid West Region
Modern manufacturing industry. Farming
Nottingham
Jobs in large manufacturing enterprises
Tilburg
Textiles industry has declined. Expansion in services
Genk
Closures of coalmines. Low skill levels. High long term unemployment
Bruaysis
Coalmines closed down. Low skill level
Chaves, Tras-os-Montes
Predominantly traditional farming. Tradition of outmigration
North Alentejo
Traditional farming. Areas industrial base
Alcoy, Valenciana
Declining textiles and clothing industries. Metal industries. Growth in services
Barcelona
Restructuring of manufacturing industries. Strong service industries
Les Baronnies
Farming and associated agri business
Oberhausen, North Rhine Westphalia
Undergoing decline and restructuring of traditional industries and mining. Development of new and service industries
Basilicata
Traditional agriculture. Poor and undeveloped resource base
Aalborg
Declining shipbuilding and food processing industries
Hamburg
Large but stagnant service sector. Declining shipbuilding and associated industries
Lolland, Storstram
Agriculture. Shipbuilding. High unemployment
East Groningen District
Agriculture (Cereals). Agri business. Declining traditional industries. High unemployment
Leer District, Lower Saxony
Agriculture (Dairying). Fishing. Tourism. Shipbuilding. Highest unemployment in FRG
Liege
Declining traditional industries (coal, steel and engineering). Industrial restructuring. High unemployment
St Etienne, Gier
Declining traditional industries (coal and steel). Industrial restructuring. Textile industries
Ravenna
Agri business. Manufacturing industries. Restructuring of petrochemical industry
Arcadia
A traditional and declining farming activities. Tradition of outmigration
Province of Sitia
Traditional farming. Expanding tourism